



DRAFT BUDGET REPORT

**2019/20 TO 2021/22
MEDIUM TERM REVENUE AND EXPENDITURE
FORECASTS**

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ABBREVIATIONS AND ACRONYMS

Acronym

ACIP	Accelerated Community Infrastructure Programme	LED	Local Economic Development
BSC	Budget Steering Committee	mSCOA	Municipal Standard Chart of Accounts
CAPEX	Capital Budget/Expenditure	MEC	Member of the Executive Committee
CBD	Central Business District	MFMA	Municipal Finance Management Act
CFO	Chief Financial Officer	MIG	Municipal Infrastructure Grant
CPI	Consumer Price Index	MM	Municipal Manager
CSD	Central Supplier Database	MMC	Member of Mayoral Committee
DBSA	Development Bank of South Africa	MPRA	Municipal Properties Rates Act
DoRA	Division of Revenue Act	MSA	Municipal Systems Act
DWA	Department of Water Affairs	MTEF	Medium-term Expenditure Framework
EE	Employment Equity	MTREF	Medium-term Revenue and Expenditure Framework
EEDSM	Energy Efficiency Demand Side Management	NERSA	National Electricity Regulator of South Africa
FBS	Free basic services	NGO	Non-Governmental organisations
GAMA	Generally Accepted Municipal Accounting Practice	NKPIs	National Key Performance Indicators
GDP	Gross domestic product	NT	National Treasury
GFS	Government Financial Statistics	NWPT	North West Provincial Treasury
GRAP	General Recognised Accounting Practice	OHS	Occupational Health and Safety
HR	Human Resources	OP	Operational Plan
IDP	Integrated Development Plan	OPEX	Operating Budget/Expenditure
ICT	Information & Communication Technology	PBO	Public Benefit Organisations
kℓ	kilolitre	PMS	Performance Management System
km	kilometre	PPE	Property Plant and Equipment
KPA	Key Performance Area	PPP	Public Private Partnership
KPI	Key Performance Indicator	PT	Provincial Treasury
kWh	kilowatt	SALGA	South African Local Government Association
ℓ	litre	SDBIP	Service Delivery & Budget Implementation Plan
		SMME	Small Micro and Medium Enterprises

LIST OF VOTES

-  Mayoral Executive
-  Council General
-  Office of the Municipal Manager
-  Budget and Treasury
-  Corporate Services
-  Licensing and Traffic
-  Local Economic Development and Planning
-  Sports and Culture
-  Public Works
-  Cemeteries
-  Community hall and centres
-  Parks and Recreation
-  Library
-  Town Hall and Offices
-  Housing
-  Sanitation
-  Refuse Removal
-  Electricity
-  Water

PURPOSE

The main strategic outcomes of the budget are to ensure:

- ✚ Modernizing financial management and improving accountability.
- ✚ Compilation of three year budgets.
- ✚ Deepening and improving the budget preparation process, by involving the political leadership and community.
- ✚ Ensuring that the IDP and Budget are linked, and that the IDP takes account of budgetary resources, and contain proper capital and operational plans.
- ✚ Improving the in-year implementation of the budget.
- ✚ Improving the audit and performance reporting after the financial year has ended.

The purpose of this document is to submit the 2011/12 medium-term budget (MTB) consideration by Council and community consultation of on the proposed tariff increases, projects and service delivery programmes.

The budget was compiled within the framework of the MFMA, Circular No 51, 54 and 55 of the National Treasury and the New Municipal Budget Regulations.

Those Circulars provides instructions, guidance and information on crucial issues that municipalities need to consider when preparing their 2011-12 budgets.

On 17 April 2009 the Minister of Finance gazetted new Municipal Budgeting and Reporting Regulations on Government Notice no 393 of 2009. Final budget schedules and related formats were issued by the National Treasury in November 2009.

Kgetlengrivier Local Municipality is required to fully comply with the budget regulations as from 01 July 2011, that is, full compliance when the final budget is approved in June 2011.

PART 1



ANNUAL BUDGET

Part 1 – Annual Budget

1.1 Mayor's Foreword

Madam Speaker;
Mayoral Committee Members;
Councillors;
Honoured Guests;
Municipal Manager;
Directors;
Municipal Officials;
and The public

Good Morning, Goeie More, Dumelang.

This year South Africa marks 25 years since the democratic election and 23 years since the passing of The Constitution which enshrined rights to all citizens through progressive realisation. Government as a whole need to do better to redress the past imbalances. This will assist us to restore the dignity of all people.

Madiba's dreams require us, especially in 2019, to focus our work around four primary objectives:

-  The eradication of poverty and inequality
-  The dismantling of structural racism
-  The building and protecting of institutions of democracy and
-  The restoration of human rights and dignity of people.

According to the Nelson Mandela Foundation the unfinished business of his life-work looms large and the South Africa of his dreams remains tantalisingly out of reach.

And it is my hope that together we can achieve what Madiba set out to achieve.

We sat in these very council chambers looking retrospectively to the service journey, and pondering on the successes, and challenges that we confronted during the 2017/2018 year. Today, we look at accepting the 2019/2020 Budget after looking at the 2018/2019 fiscal year with the same

scrutiny and after highlighting our Plan and Budget for better interventions in the ensuing year.

It is difficult to conceive that a year has passed since the devastation of the drought that raged through our area on the very day that we tabled the 2016/2017 Budget. Today we are faced with a different set of challenges, the challenge of rebuilding our Town. This is a challenge that we need to address collectively, government as a whole, business and civil society.

We are mindful of the commitments we made during the local government elections back in 2016 and we are working tirelessly to achieve them within our five-year tenure.

The aspirations of the vast majority of our people is in our hands and we need to take joint responsibility to fulfil these aspirations.

We committed to the following five pillar manifesto to ensure good governance within Kgetlengrivier Local Municipality:

1. An opportunity town
2. A safe Town
3. A caring Town
4. An inclusive town, and
5. A well-run town

As I said earlier, we are facing different sets of challenges following the drought. As the Mayor, I have made no secret of the fact that we are facing and experiencing financial challenges to meet the key challenges faced by Kgetleng in a sustainable manner. We have worked hard on curbing our spending where we can and need to work harder to improve our collection rate.

In return we are committed to ensure that monies entrusted to us are spent in a responsible and efficient manner. We will ensure value for money, transparency and accountability. As much as financial constraints may have effect on our service delivery, we believe lack of capacity due to many vacancies that cannot be filled adds to the problem, and therefore we have prioritised the finalisation of the Organisational Structures Review process. We are working to improve our structure that will inevitably improve our service delivery.

It is my privilege to table the final draft annual budget and 2019/2020 Medium Term Revenue Expenditure Framework (MTREF) for Kgetlengrivier Local Municipality in accordance with the provisions of the Municipal Finance Management Act (MFMA) and Municipal Budget and reporting regulations before Council today. This budget was drafted under very difficult financial circumstances due to the economic conditions faced by the country as a whole and the drought that ravaged our community in September last year.

This final draft budget tabled here today is regulated by all three spheres of government and needs to consolidate public finances under these difficult economic conditions. This final draft budget focuses on balancing municipal finances while managing our risk and maintaining fiscal stability in a weak economic environment while not diverting from, but giving effect to the Integrated Development Plan (IDP) and National Development Plan (NDP) as our strategic guiding documents.

Key challenges include:

- ✚ Water Security – through improving the infrastructure to extract; pump and store water
- ✚ Improving capacity of the Waste Water Treatment Plant
- ✚ Refurbishment of reticulation infrastructure
- ✚ Reducing fuel load and progressively reducing invasives.
- ✚ Economic growth and development and job creation.
- ✚ Human Settlement Backlogs
- ✚ Building a capable and responsive municipal organisation

Coupled with increasing community pressure there is an untenable strain on the financial resources that the municipality has at its disposal. To ensure long term sustainability, the municipality is finalising its long-term financial plan.

Further pressure on the limited resources is the fact that the municipality needs to continue to build its cash reserves to fund infrastructure needs, while ensuring the long term financial sustainability of the municipality.

In the medium term the municipality's finances will be constrained, until the infrastructure backlogs are addressed. The efficient utilization of financial resources remains key in delivering on our mandate and ensuring the financial wellbeing of the municipality.

However, despite financial constraints often make it difficult for these young residents to gain access to higher education. The Mayoral Bursary Fund and Municipal Bursary programmes will provide some relief and enable deserving and qualifying individuals' access to further their education and training. The Kgetleng Municipality's Human Resources Department will offers various full-time bursaries in specific fields to qualifying applicants. Once recipients of these bursaries have completed their studies they are placed within the relevant municipal department that is in line with their field of study. The municipality also offers internship programmes, which give graduates the opportunity to gain much needed experience for future growth.

Focus of the 2018/2019 budget

Both national and provincial governments view infrastructure as an important means of promoting sustainable growth and reducing poverty, the national government has allocated large portions of its budget for this purpose. Decreasing revenue expectations and stricter financial consolidation have however, resulted in baseline reductions across the three spheres of government, thereby directly affecting municipal revenue and grant allocations.

Economic infrastructure is an important focus for Kgetlengrivier Local Municipality and includes;

- ✚ water supply
- ✚ wastewater treatment works
- ✚ aging infrastructure upgrade
- ✚ electricity transmission and networks
- ✚ road upgrade and maintenance

Honourable Councillors, it is clear that the provision of basic infrastructure will be key to the long-term financial sustainability of the municipality. It is encouraging that this council and its community at large agree on areas in which growth potential lies and this will ensure that appropriate infrastructure services are properly funded. It is of essence that the municipality is investment-ready to ensure that demand for services are met when opportunity arises. Infrastructure will unlock investment in both economic growth as well increasing bulk capacity to support our investment in adding the backlog on housing and basic services.

We have revised our spending plans to ensure key service delivery objectives are achieved. In this MTREF we have once again focused on the exclusion of non-priority spending and have reprioritized expenditure to focus on core infrastructure and service delivery needs. National Treasury Budget Circulars 89 and 91 also emphasizes the constricting economic climate in which we need to operate and urges municipalities to ensure value for money spending and protection of the poor, yet urges municipalities to ensure that indigent household consumption is managed to the extent that the free services allocations are not exceeded.

Cost containment measures as emphasized in MFMA Circular 82 are also once again reiterated, and we will therefore ensure the continued implementation and enforcement of savings and austerity measures to ensure that the municipality becomes financially sustainable.

In preparing of the 2019/2020 Final Draft Budget and MTREF, we continued to explore opportunities to mainstream labour intensive approaches to the delivering of services to foster job creation and more particularly to improve our participation in the extended public works programme.

Capital Budget

The Capital Budget flows from the IDP process and contains information obtained from water Master Plans and relevant stakeholders through public participation processes as well as ward committee processes where applicable.

With this budget the municipality strived to balance the need for investment in a financially responsible and sustainable manner. The municipality has a critical role in creating and enabling an environment for investment, growth and development. Our economy can only grow if we continue to invest in capital programmes. The planning and implementation of basic infrastructure is critical for sustaining basic standards of living and economic activity in our town, as well as addressing backlogs in services

Critical capital projects include water augmentation and securing sustainable water sources for the Swartruggens dam and upgrade of bulk water supply where water disruptions have been plaguing the municipality over the last two years.

Capital projects for the 2019/2020 MTREF amount to R24,5 million

The budget further makes provision for operating programmes that will contribute to infrastructure improvement and job creation opportunities. For this purpose an amount of R15mil has been set aside for maintenance of roads.

The EPWP has been budgeted over the MTREF for R1,2 million annually. This is a labour intensive project that will create jobs and improve capacity building.

Operational Budget

The Operational Budget ensures that the Municipality can fulfil its constitutional mandate.

Projected Revenue for 2019/2020 and two outer years amount to;

- 🚧 2019/2020 – R243,5 million
- 🚧 2020/2021 – R252 million
- 🚧 2021/2022 – R 269,2 million

Operating Expenditure for 2019/20 and two outer years amount to;

- 🚧 2019/2020 – R220,8 million
- 🚧 2020/2021 – R235,5 million
- 🚧 2021/2022 – R248,8 million

Indigent and other subsidies

Provision is made in the operating budget for the subsidizing of indigent households as follows;

- 🚧 the first 6kl of water per month as well as 50 units of electricity will be free of charge
- 🚧 a 100% subsidy for refuse removal, sewerage charges and water basic will be given
- 🚧 A rebate on assessment rates will also be given for Indigent households up to a valuation of R100 000

The indigent subsidy package is slightly above the national norm and stretches the affordability threshold of the municipality due to the growing

number of indigent households and the fact that the monetary values of these subsidies exceed the national allocation. The total amount in respect of free services, inclusive of free services given in Eskom distribution areas and assessment rate rebates exceed R10 Million for the 2019/2020 financial year.

Pensioners qualifying for assessment rates rebates will also be entitled to 6kl free water per month as well as the first 50 units of electricity at a zero rate.

Revenue sources remain under strain, and in an attempt to balance service delivery with affordability, the proposed tariff increases have been limited as follows:

-  Electricity 5.2%
-  Water 5.2%
-  Refuse 5.2%
-  Property Rates 0% for residential/ domestic tariff
-  Sewage 5.2%

In conclusion

The budget tabled here today was compiled taking into account the economic reality and balancing that with service delivery demands from the communities as determined through the ward committee and community consultation processes. It is encouraging to see our communities and all stakeholders taking part in the budget process, this will ensure that community needs are addressed taking into account the available financial resources at our disposal.

I would therefore like to thank all councillors, all community members, business, agriculture and all other stakeholders who took part and provided further input in both the budget and IDP processes.

Kgetleng success as a community continues to rest on the shoulders of every person who calls Kgetleng home. Today's Kgetleng has been shaped by the intentions of those who came before us, and our destiny will be delivered by those who are involved, invested, and positive about what we will accomplish together. I am grateful every day to all of our dedicated citizens in helping keep Kgetleng great, and I thank all of you for joining me in this calling.

There is no doubt that Kgetleng will experience difficulties and challenges in the coming year we at the time I am convinced that we can work together to address overcome our challenges. So as we enter this new financial year, I challenge each of you to be passionate about Kgetleng -- about keeping each other happy and safe, about making life easier and better, about sharing our time and our talents, and about enjoying each day with an appreciation for all that we've been given.

In conclusion I would like to thank my Chair of Finance, Cllr Jacobs, Members, Audit Committee Members, our MM, Mr. Mogale and his team, Administrator, Ms. Sejosingoe and his technical expert Mr. Segapo for all the hard work that they put into this Budget.

I further thank all my Councillors for the part they played in ensuring that our residents were presented with the Draft Budget and the IDP and given the opportunity to submit their comments.

It is therefore my privilege to table the 2019/2020 final IDP draft budget and MTREF and Budget related policies before council for consideration and approval.

I thank you.

Hon. AA Selaledi
Acting Mayor/Speaker

1.2 Council Resolution

The following is the resolution that will be considered for the approval and adoption of the annual budget for 2019/2020:

RECOMMENDATION TO THE COUNCIL:

1. that in terms of section 24 of the Municipal Finance Management Act, (Act 56 of 2003) the Draft annual budget of the Kgetlengrivier Municipality for the 2019/20 to 2021/22 MTREF (Medium Term Revenue and Expenditure Framework) period **be approved** as set out in the following schedules:

Schedule 1: Budgeted financial performance (revenue & expenditure by municipal vote

- Schedule 2:** Budgeted financial performance (revenue by source & expenditure by type)
- Schedule 3:** Budgeted single & multi-year capital appropriations by functional classification (vote) and associated funding by source
- Schedule 4:** Budgeted financial position
- Schedule 5:** Budgeted cash flow
- Schedule 6:** Cash backed reserves and accumulated surplus reconciliation
- Schedule 7:** Asset management
- Schedule 8:** Basic service delivery measurement

2. that in terms of section 75A of the Local Government: Municipal Systems Act (Act 32 of 2000) the property rates reflected in Annexure A, be imposed for the budget year 2019/20;
3. that in terms of section 75A of the Local Government: Municipal Systems Act (Act 32 of 2000) tariffs and charges reflected in Annexure A, be approved for the budget year 2019/20;
4. that the following schedules be noted:
 - Schedule 9:** Budgeted financial performance (revenue & expenditure by functional classification)
 - Schedule 10:** Budgeted capital appropriations by municipal vote
5. that comment received from the community, Provincial Treasury and the Provincial Department of Local Government be taken account before budget final approval
6. that cognisance be taken of the 2019/2020 Budget Report.

1.3 Executive Summary

The application of sound financial management principles for the compilation of the Municipality's financial plan is essential and critical to ensure that the Municipality remains financially viable and that municipal services are provided sustainable, economically and equitably to all communities.

The Municipality's business and service delivery priorities were reviewed as part of this year's planning and budget process. Where appropriate, funds

were transferred from low- to high-priority programmes to maintain sound financial stewardship. A critical review was also undertaken of expenditure on cost containment measures, non-core and 'nice to have' items.

The Municipality has undertaken various customer care initiatives to ensure the municipality truly involves all citizens in the process of ensuring a people lead government. Encouragement of structured community participation in the matters of the municipality is a strategic objective.

The publishing of the regulation on the Standard chart of Accounts (mSCOA) on 22 April 2014 has a profound effect on the business of local government. This reform is not limited to a financial reform, but a business reform. It is the largest reform since the promulgation of the Municipal Finance Management Act in 2003. The mSCOA regulations took effect on 1 July 2017 and therefore this budget has been compiled to adhere to the regulations.

The following are extracts from the preamble to the regulations:

“Section 216 of the Constitution of the Republic of South Africa, 1996, provides that national legislation must prescribe measures to ensure transparency and expenditure control in each sphere of government by introducing generally recognised accounting practice, uniform expenditure classifications and uniform treasury norms and standards.” “These Regulations propose segments and a classification framework for the standard chart of accounts to be applied in local government in similar form to that implemented for national and provincial government departments. In order to enable the National Treasury to provide consolidated local government information for incorporation in national accounts, national policy and other purposes, it must obtain financial information from individual municipalities.”

The regulations contain amongst others, segment and classification framework for mSCOA, minimum business process and system requirements and responsibilities of municipal councils and accounting officers.

The segments classification consists of the following:

Funding segment – This segment relates to the various sources of funding available to municipalities and municipal entities for financing expenditure relating to the operation of the municipality and provides for both capital and operational spending.

Function segment - This segment provides for the classification of the transaction according to the function or service delivery objective and provides for the standardisation of functions and subfunctions across local government.

Municipal Functional classification Segment - This segment provides for the organisational structure and functionality of an individual municipality, which is not prescribed.

Project Segment - This segment provides for the classification of capital and operating projects on the basis of whether it relates to a specific project and if so, the type of project.

Regional Indicator Segment - This segment identifies and assigns government expenditure to the lowest relevant geographical region within which the intended beneficiaries of the service or capital investment are located.

Item Segment - This segment provides for the classification of item detail in the presentation of the financial position, performance and cash flow according to the nature of the transaction either as revenue, expenditure, asset, liability or net asset.

Costing Segment - This segment provides for a classification structure for secondary cost elements with reference to departmental charges, internal billing etc. and acts as a cost collector in determining inter alia total cost of services.

National Treasury issued MFMA Budget Circulars No. 93 & 94 for guidance for the compilation of the 2019/20 MTREF. A revised A Schedule – mSCOA Version 6.3 (Municipal annual budgets and MTREF & supporting tables) was also issued.

MFMA Circular No. 82 (updated November 2017) relating to direction and guidance regarding Cost Containment Measures was issued. National Treasury has since published Draft Regulations on Cost Containment Measures and the closing date for comments is 30 March 2018. The circular and draft regulations as well as the status relating to cost containment measures are included in Annexure H to this report.

The main challenges experienced during the compilation of the 2019/20 MTREF can be summarised as follows:

- ✚ The on-going difficulties in the national and local economy;
- ✚ Ever aging water, roads, sewage and electricity infrastructure;
- ✚ Sustainable refuse disposal;
- ✚ The need to reprioritise projects and expenditure within the existing resource envelope;
- ✚ The cost of bulk electricity;
- ✚ Revenue recovery from cost reflective core municipal services;

- ✚ Wage increases for municipal staff that have exceeded headline consumer inflation in the past, as well as the need to restructure certain components for operational efficiencies;
- ✚ Affordability of capital projects and the operational expenditure associated with prior year's capital investments needed to be factored into the budget as part of the 2019/20 MTREF process; and
- ✚ Maintaining a positive cash flow.

The following budget principles and guidelines directly informed the compilation of the 2018/19 MTREF:

- ✚ The 2019/2020 Adjustments Budget priorities and targets, as well as the base line allocations contained in the Budget Circulars informed the upper limits for the new baselines for the 2019/20 annual budget;
- ✚ Service level standards were used to inform the measurable objectives, targets and any backlog eradication goals;
- ✚ Tariffs and property rates increases should aim to be affordable;
- ✚ Some price increases in the input costs of services are beyond the control of the municipality, for instance the cost of fuel, chemicals and electricity. In addition, tariffs need to remain or move towards being cost reflective, and should take into account the need to address infrastructure maintenance and backlogs;
- ✚ There will be no budget allocated to national and provincial funded projects unless the necessary grants to the municipality are reflected in the national and provincial budget and have been gazetted as required by the annual Division of Revenue Act;
- ✚ The following cost saving measures were applied:
 - The principle of 0% increase in non-core general expenses unless valid motivations such as contractual inflation adjustments dictate.
 - Cost containment measures referred to in Circular 82 of 30 March 2016 (updated in November 2016 are responded to in Annexure H (Budget Circulars)

In view of the aforementioned, the following table is a consolidated overview of the proposed 2019/20 Medium-term Revenue and Expenditure Framework:

Table 1 Consolidated Overview of the 2019/20 MTREF**(a) Total Revenue (including capital grants)**

R thousand	Original Budget 2018/19 (R'000)	Budget Year 2019/20 (R'000)	Budget Year +1 2020/21 (R'000)	Budget Year +2 2021/22 (R'000)			
Revenue	265,375	269,366	279,111	298,148	2%	4%	7%
Expenditure	228,993	220,881	235,520	248,884	-4%	7%	5%
Surplus / (Deficit)	36,382	48,485	43,591	49,264			
Capital	59,122	25,847	27,105	28,916	-56%	5%	7%

(b) Total Revenue (excluding capital grants)

R thousand	Original Budget 2018/19 (R'000)	Budget Year 2019/20 (R'000)	Budget Year +1 2020/21 (R'000)	Budget Year +2 2021/22 (R'000)			
Revenue	239,528	243,519	252,006	269,232	2%	3%	7%
Expenditure	228,993	220,881	235,520	248,884	-4%	7%	5%
Surplus / (Deficit)	10,535	22,638	16,486	20,348			
Capital	59,122	25,847	27,105	28,916	-56%	5%	7%

Total revenue (including capital grants) to expenditure (Table 1a) indicates a surplus for each of the years over the 2019/20 MTREF.

Total operating revenue (Table 1a) indicates an increase in revenue of 10 per cent for the 2019/20 financial year when compared to the 2019/2020 Adjustments Budget. For the two outer years, operational revenue will increase by 2 and 4 per cent respectively. Fluctuations of revenue in Table 1(a) are informed mainly by the allocation of the Housing grant between operating (top structures) and capital (infrastructure) in the respective financial years.

Total operating expenditure for the 2019/20 financial year has been appropriated at R220,8 and translates into a budgeted surplus of R22,6m (excluding capital grants) and a surplus of R48.4m (including capital grants). When compared to the 2018/2019 Budget, operating expenditure has decreased by -4 per cent in the 2019/20 budget and increased by 7 and 5 per cent for each of the respective outer years of the MTREF. The decrease for 2020/21 is attributable to the allocation of the equitable shares between operating (top structures) and capital (infrastructure) in the respective financial years.

It should be noted that although the 2019/2020 operational budget and indicative years indicate budgeted surplus (Table 1b), this does not reflect the actual cash position. This phenomenon will continue for the foreseeable future. These circumstances arose as the result of the implementation of GRAP, with special reference to GRAP 17 (Property, Plant and Equipment-PPE). The asset value before depreciation is in excess of R46,2 million, which relates to substantially high depreciation charges. Although accurately reflecting asset value, the cost of a substantial portion of these assets had been fully redeemed previously, but the useful life of assets were extended as well as ever increasing assets funded by grants. The replacement thereof can thus not be recouped via current tariffs as this would lead to taxation in advance of need and no reserves may be established for these purposes. The principle of recovering actual cash costs during each financial period is adhered to.

The capital budget of R25,8 million for 2019/20 is 56 per cent less when compared to the 2018/2019 original Budget. The decrease is mainly due to the year-on-year fluctuation and allocation of the WSIG between operating (top structures) and increased capital funding comprising higher than usual surplus funds in the respective financial years. No increase own funding from surpluses is due to cash generated from operation, although there is a portion from the planned land sales. Further projects from the proceeds of land sales will be prioritised in future budgets, subject to maintaining minimum sustainability levels. The capital programme increases to R27,1m and increases to R29,8m in the outer years, which is below the estimated minimum of R40m required annually to sustain capital infrastructure.

1.4 Operating Revenue Framework

For Kgetlengrivier Local Municipality to continue delivering and improving the quality of services provided to its citizens it needs to generate the required revenue. In these tough economic times strong revenue management is fundamental to the financial sustainability of the municipality. The reality is that we are faced with an increasing population, development backlogs and increasing poverty levels. The expenditure required to address these challenges will inevitably always exceed available funding; hence difficult choices have to be made in relation to tariff increases and balancing expenditures against realistically anticipated revenues.

The municipality's revenue strategy is built around the following key components:

-  National Treasury's guidelines and macroeconomic policy;
-  Growth in the Municipality and continued economic development;
-  Efficient revenue management, which aims to maintain levels of above 65 per cent annual collection rates for property rates and other key service charges.;

- ✚ Electricity tariff increases for Eskom and the municipality, as approved by NERSA;
- ✚ Achievement of cost recovery of specific user charges and especially in relation to services;
- ✚ Determine tariff escalation rate by establishing the revenue requirement of each service;
- ✚ The municipality's Property Rates Policy approved in terms of the Municipal Property Rates Act, 2004 (Act 6 of 2004) (MPRA);
- ✚ Increased pressure to deliver and maintain services and recover costs;
- ✚ The municipality's Indigent Policy and rendering of free basic services; and
- ✚ Tariff policies of the Municipality.

In line with the formats prescribed by the Municipal Budget and Reporting Regulations, capital transfers and contributions are excluded from the operating statement, as inclusion of these revenue sources would distort the calculation of the operating surplus/deficit.

The increase in VAT of 1%, announced during the National budget speech in 2018/19 financial year, has placed a further financial burden on the consumer as all basic services was impacted. The VAT on property rates is levied at a rate of 0%.

Revenue generated from rates and services forms a low percentage of the revenue basket for the Municipality. Rates and services revenues comprise 30% of the total operating revenue mix. For the 2018/2019 financial year, revenue from rates and services charges totals R239,5m. These change to R263,7m, R269m and R287,9 in the respective financial years of the MTREF.

The following table is a summary of the 2019/20 MTREF (classified by main revenue source):

Table 2 Summary of revenue classified by main revenue source

Description	Ref	2015/16	2016/17	2017/18	Current Year 2018/19				2019/20 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
R thousand	1										
Revenue By Source											
Property rates	2	7,608	7,638	7,579	8,000	8,000	8,000	8,000	8,416	8,854	9,314
Service charges - electricity revenue	2	29,415	25,833	24,355	43,936	43,936	43,936	43,936	42,453	48,717	51,348
Service charges - water revenue	2	5,484	4,919	1,357	10,194	10,194	10,194	10,194	7,724	8,282	7,869
Service charges - sanitation revenue	2	3,360	3,628	3,003	4,599	4,599	4,599	4,599	4,838	5,089	5,354
Service charges - refuse revenue	2	1,821	2,195	2,297	2,298	2,298	2,298	2,298	2,417	2,543	2,675
Rental of facilities and equipment		78	108	88	190	190	190	190	226	239	252
Interest earned - external investments		294	44	98	50	50	50	50	53	55	58
Interest earned - outstanding debtors		11,783	16,072	15,093	18,000	18,000	18,000	18,000	18,936	19,959	21,036
Dividends received									-	-	-
Fines, penalties and forfeits		24,622	34,525	32,778	35,000	35,000	35,000	35,000	36,820	38,808	40,904
Licences and permits		5,192	4,839	5,388	9,250	9,250	9,250	9,250	9,731	10,237	10,769
Agency services									-	-	-
Transfers and subsidies		69,149	101,416	113,291	86,350	86,350	86,350	86,350	95,612	103,240	113,234
Other revenue	2	873	570	222	16,986	16,986	16,986	16,986	16,293	5,984	6,420
Gains on disposal of PPE					4,675	4,675	4,675	4,675	-	-	-
Total Revenue (excluding capital transfers and contributions)		159,680	201,787	205,549	239,528	239,528	239,528	239,528	243,519	252,006	269,232

Table 3 Percentage growth in revenue by main revenue source

R thousand	2018/19	Budget Year		Budget Year		Budget Year	
		2019/20		2020/21		2021/22	
Revenue By Source							
Property rates	8,000	8,416	5,2%	8,854	5,4%	9,314	5,4%
Service charges - electricity revenue	43,936	46,221	5,2%	48,717	5,4%	51,348	5,4%
Service charges - water revenue	10,194	10,724	5,2%	11,282	5,4%	11,869	5,4%
Service charges - sanitation revenue	4,599	4,838	5,2%	5,089	5,4%	5,354	5,4%
Service charges - refuse revenue	2,298	2,417	5,2%	2,543	5,4%	2,675	5,4%
Service charges - other	–	–	–	–	–	–	–
Rental of facilities and equipment	190	226	19%	239	5,4%	252	5,4%
Interest earned - external investments	50	53	1,4%	55	5,4	58	5,4%
Interest earned - outstanding debtors	18,000	18,936	5,2%	19,959	5,4%	21,036	5,4%
Dividends received	–	–	–	–	–	–	–
Fines, penalties and forfeits	35,000	36,820	5,2%	38,808	5,4%	40,904	5,4%
Licences and permits	9,250	9,731	5,2%	10,237	5,4%	10,769	5,4%
Agency services	–	–	–	–	–	–	–
Transfers and subsidies	86,350	95,612	10,7%	103,240	8%	113,234	9,7%
Other revenue	16,986	19,027	12%	20,035	5,3%	21,121	5,4
Gains on disposal of PPE	4,675	10,700	128,9%	–	–	–	–
Total Revenue (excluding capital transfers and contributions)	239,528	263,721	10%	269,057	2%	287,934	7%

The above table, relating to percentage increases for the different revenue categories, could reflect percentage changes that are not consistent with the annual tariff increases. This would be due to the baseline of the 2018/19 budget and further reclassifications of revenue categories relating to mSCOA. The determination of proposed revenue for 2019/20 has been based on the current statistics available, limited growth and a conservative approach.

After service charges, property rates are the second largest revenue source. The third largest source is operational grants from national and provincial government, which is showing growth over the MTREF, followed by fines and 'other revenue' which consists of various items such as revenue received from permits and licenses, building plan fees, connection fees, advertisement fees etc. Departments delivering these services have been urged to review the tariffs of these items on an annual basis to ensure they are cost reflective.

Operating grants and transfers total R95,6m in the 2019/20 financial year. This increases in the outer years to R103,2m in 2020/21 and R113,2m in 2021/22 respectively, of the MTREF. The fluctuations are mainly due to Equitable shares

grant allocations and the splitting thereof between operating and capital budgets. Equitable share increases over the MTREF by 9,7% in terms of the equitable share formula after the release of the 2011 census figures, as a result of the population growth in the Kgetlengrivier area.

Table 4 Operating Transfers and Grant Receipts

Description	Ref	2015/16	2016/17	2017/18	Current Year 2018/19			2019/20 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
R thousand										
RECEIPTS:	1, 2									
Operating Transfers and Grants										
National Government:		66,625	66,625	75,428	85,080	85,080	85,080	95,612	103,240	113,234
Local Government Equitable Share		57,478	57,478	62,494	81,506	81,506	81,506	91,271	99,928	109,658
Finance Management		1,875	1,875	2,010	2,415	2,415	2,415	2,880	3,312	3,576
Municipal Systems Improvement		929	929		-	-	-	-	-	-
EPWP Incentive		1,878	1,878	1,737	1,159	1,159	1,159	1,461	-	-
Electricity Demand Side Management		3,433	3,433	-	-	-	-	-	-	-
ACIP & RBIG Funding		1,031	1,031	9,187	-	-	-	-	-	-
Provincial Government:		524	524	1,073	1,350	1,350	1,350	-	-	-
Sport and Recreation		524	524	1,073	1,350	1,350	1,350	-	-	-
District Municipality:		2,000	2,000	2,000	-	1,000	1,000	-	-	-
Bojanala Platinum District Municipality		2,000	2,000	2,000	-	1,000	1,000	-	-	-
Other grant providers:		-	-	-	1,270	1,270	1,270	1,292	1,355	1,446
5% MIG for PMU					1,270	1,270	1,270	1,292	1,355	1,446
Total Operating Transfers and Grants	5	69,149	69,149	78,501	87,700	88,700	88,700	96,904	104,595	114,680

Tariff-setting is a pivotal and strategic part of the compilation of any budget. When rates, tariffs and other charges were revised, local economic conditions, input costs and the affordability of services are taken into account to ensure the financial sustainability of the Municipality.

National Treasury continues to encourage municipalities to keep increases in rates, tariffs and other charges as low as possible. Inflation (CPI) is currently within the 3 to 6 per cent target band of the South African Reserve Bank's inflation targets, with an increase in inflation over the 2019/2020 MTREF. Municipalities should justify increases in excess of the 5,2 per cent projected inflation target. Excessive increases are by nature fundamentally likely to be counterproductive, which could result in possible higher levels of non-payment.

The increase in property rates has been set at 0%. Property rates increases were below inflation over previous years before 2016/17. In the eight years prior to 2014/2015, the property rates tariff had only on one occasions challenged the annual inflation rate. Furthermore, average increases in service charges are also set at 5.2%, with the exception of electricity tariffs.

The percentage increases of Eskom bulk tariffs charged to municipalities has provisionally been set at 5,4%. The tariff increases in the inclining block tariff for the electricity consumption tariffs is set at 5,4% for the respective inclining blocks, which grants relief to all households for consumption up to the first 50kwh electricity per month.

The following table sets out the costing of services.

It should be noted that the revised budget presentation for the costing of services, in comparison with previous years' revenue accrual of subsidies for basic services to indigents, are now reflected as a reduction of revenue, that portion of the Equitable Share equal to the cost and revenue cost of FBS to indigents has since 1 July 2018 be reflected as revenue to the relevant service. This is to ensure that the tariffs for these services are not unduly burdened as a result of the revised budget presentation.

Table of Cost of Services

It must also be noted that the consumer price index, as measured by CPI, is not always an ideal indicator of the cost increases of goods and services relevant to municipalities. The basket of goods and services utilised for the calculation of the CPI consist of items such as food, accommodation, petrol and medical services, whereas the cost drivers of a municipality are informed by items such as the cost of remuneration, bulk purchases of electricity, chemicals, fuel etc. The current challenge facing the Municipality is managing the gap between cost drivers and tariffs levied, as any shortfall must be made up by either operational efficiency gains or service level reductions. Within this framework the Municipality has undertaken the tariff setting process relating to service charges as follows.

1.4.1 Property Rates

Property rates revenue should cover the cost of the provision of general community and support services. Determining the effective property rates tariff is therefore an integral part of the municipality's budgeting process.

National Treasury's MFMA Circular No. 51 deals, inter alia with the implementation of the Municipal Property Rates Act, with the regulations

issued by the Department of Co-operative Governance. These regulations came into effect on 1 July 2009 and also prescribe the rate ratio for the non-residential categories, public service infrastructure and agricultural properties relative to residential properties.

The following stipulations in the Property Rates Policy are highlighted:

Table

The following table sets out the categories of rateable properties for purposes of levying rates and the proposed rates for the 2019/20 financial year, to increase from 1 July 2019

Table 6 Comparison of proposed rates to be levied for the 2019/20 financial year

1.4.2 Sale of Water and Impact of Tariff Increases

Evermore South Africa faces challenges with regard to potable water supply, since demand growth outstrips supply, coupled with the possible impact of climate change, where the North West is experiencing the worst drought ever. Due to water source and infrastructure investment in the previous few years made by Kgetlengrivier, a water crisis could up till now, be averted. Consequently, National Treasury is encouraging all municipalities to carefully review the level and structure of their water tariffs to ensure:

-  Water tariffs are fully cost-reflective – including the cost of maintenance and renewal of purification plants, water networks and the cost associated with reticulation expansion;
-  Water tariffs are structured to protect basic levels of service and ensure the provision of free water to the poorest of the poor (indigent); and
-  Water tariffs are designed to encourage efficient and sustainable consumption.

In addition National Treasury has urged all municipalities to ensure that water tariff structures are cost reflective by 2014. Kgetlengrivier is intending to implement a phased approach in this regard.

Water source management and maintenance of infrastructure together with cost-reflective tariffs will ensure that the supply challenges are managed in future to ensure sustainability.

Tariff increases as from 1 July 2019 are indicated in the list of tariffs in Annexure C. The 6 kℓ free water per 30-day period has since 2012 only been granted to registered indigents. The first level of phasing in the increases in the 0 – 6 kℓ category will be implemented during 2020/21, to recover minimum cost of the production of water.

A summary of the proposed tariffs for households (residential) are as follows:

Table 7 Comparison between current water charges and increases (Domestic)

1.4.3 Sale of Electricity and Impact of Tariff Increases

NERSA announced a revised bulk electricity pricing structure at 9,41 per cent for Eskom on 7 March 2019, to be implemented from 1 April 2018 for Eskom clients. No proposed increase yet in the Eskom bulk electricity tariffs to municipalities, as per the consultation paper issued, however the municipality has increase electricity tariff by 5,2 per cent could become effective from 1 July 2018. The tariff increases that have been factored into the budget are based on the proposed increases in the consultation paper.

Any subsequent changes that might be announced, will be considered and determined, for inclusion in the final budget report to be tabled in Council during May 2018, subject to the finalisation of the Eskom tariff increases.

Considering the increases based on the consultation paper, the tariffs will be adjusted by 5,2% for units consumption. The basic charge increases by 5.2%. The basic charge increase for households is to further mitigate the disparity between fixed and variable costs. It should however be noted that the basket (household account) for electricity will still average 5,2%%.

Local Government has been urged in discussions at various forum meetings and workshops to address the disparity in recovery of costs in relation to basic charges versus unit cost charges with regard to fixed costs and variable costs respectively. The municipality will be revisiting cost allocation in terms of before-mentioned on an annual basis in order to ensure parity.

Registered indigents continue to be granted 50 kWh per 30-day period free of charge.

The following table shows the impact of the proposed increases in electricity tariffs for domestic consumers:

Table 8 Comparison between current electricity charges and increases (Domestic)

The full proposed tariffs are included in Annexure C.

1.4.4 Sanitation and Impact of Tariff Increases

A tariff increase of 5,2 per cent for sanitation (basic & consumption) is proposed from 1 July 2019.

This is based on tariff increases related to inflation increases as mentioned earlier in this report. The tariff for the basic charge for undeveloped sites which can connect to the network was reduced in the 2016/2017 financial year to bring it in line with the basic charge for developed sites.

The following factors inform the proposed tariffs:

- ✚ Sanitation charges are calculated according to the percentage water discharged as indicated in the table below;
- ✚ Tariff structure comparability research was undertaken by the Infrastructure & Planning directorate, where it was found that the current tariff structure compares very unfavourably, towards the consumer, against tariff structures locally and international; and
- ✚ Free sanitation (4,2 kl of 6 kl water) will be applicable to registered indigents

1.4.5 Waste Removal and Impact of Tariff Increases

The financial performance of the solid waste services is improving in terms of a turnaround of the deficit budgeted for in 2018/19 and it is expected to operate at least at breakeven. It is important to note that the final tariff might be impacted by current deliberations regarding the construction of abattoir by the end of 2019. Services relevant to refuse removal, refuse dumps and solid waste disposal mechanisms must comply with stringent legislative requirements such as the National Environmental Management: Waste Act, No 59 of 2008. This service will receive further revision of the solid waste strategy to ensure that this service can be rendered in a sustainable manner

over the medium to long-term. The main contributors to the cost impact on this service are increased capital and operational costs.

An increase of 5,2 per cent in the waste removal tariff is currently proposed from 1 July 2019, subject to finalisation of deliberation mentioned above. The final tariff will serve before Council in May 2018 for approval of the final budget. The following table compares current and proposed amounts payable from 1 July 2019:

Table 10 Comparison between current waste removal fees and increases (Domestic)

All proposed refuse tariffs are listed in Annexure C.

1.5 Operating Expenditure Framework

The Municipality's expenditure framework for the 2018/19 budget and MTREF is informed by the following:

- ✚ Balanced budget constraint (cash operating expenditure should not exceed cash operating revenue) unless there are sound reasons for utilising existing uncommitted cash-backed reserves to fund any deficit;
- ✚ The repairs and maintenance plan relating to the asset management strategy;
- ✚ Funding of the budget over the MTREF as informed by Section 18 and 19 of the MFMA;
- ✚ Reducing expenditure on non-core programmes;
- ✚ Implementing operational gains and efficiencies;
- ✚ Strict adherences to the principle of no project plan no budget. If there is no business plan no funding allocation will be made; and
- ✚ Taking cognisance of cost containment guidelines and assessing the status of current measures.

The following table is a high level summary of the 2018/19 budget and MTREF (classified per main type of operating expenditure):

Table 12 Summary of operating expenditure by functional classification item

Expenditure By Type											
Employee related costs	2	45,208	46,600	55,354	50,787	50,787	50,787	50,787	55,975	59,697	63,667
Remuneration of councillors		4,948	6,308	7,055	5,550	5,550	5,550	5,550	4,136	4,411	4,705
Debt impairment	3	23,001	12,705	27,436	18,000	18,000	18,000	18,000	19,000	20,026	21,107
Depreciation & asset impairment	2	42,451	45,442	-	45,004	45,004	45,004	45,004	46,229	48,680	51,261
Finance charges		4,147	3,889	4,332	1,000	1,000	1,000	1,000	1,561	1,645	1,734
Bulk purchases	2	29,909	31,429	28,961	29,051	29,051	29,051	29,051	30,561	32,150	33,822
Other materials	8	17,172	25,691	21,805	24,662	24,662	24,662	24,662	6,444	6,787	7,142
Contracted services		-	-	-	6,387	6,387	6,387	6,387	6,387	6,731	7,095
Transfers and subsidies		-	-	-	-	-	-	-	-	-	-
Other expenditure	4, 5	48,723	46,746	44,857	48,553	48,553	48,553	48,553	50,588	55,392	58,351
Loss on disposal of PPE		-	1,272	-	-	-	-	-	-	-	-
Total Expenditure		215,558	220,082	189,800	228,993	228,993	228,993	228,993	220,881	235,520	248,884

The budgeted allocation for employee related costs and remuneration of councillors for the 2019/20 financial year totals R55,9m which equals 23,2 per cent of the total operating expenditure and within the NT norm of 25 – 35 per cent.

The current three-year collective SALGBC salary agreement comes to an end on 30 June 2021. Salary increases, according to the agreement, were determined at 7% for the 2018/19 financial year. As per agreement, salary for 2019/20 is based on the average inflation for the period February 2018 to January 2019, with a minimum inflation rate of 5,2% plus 1.5%. The macro-economic forecast outlook, together with previous salary determinations was used as a tenable guideline for an increase in remuneration. This amounted to an estimate of 6,7%, inclusive of notch increases .

Regulations have been promulgated, which provide for the Minister of Co-operative Governance to determine the total remuneration packages payable to any new employees to the posts of Municipal Manager and Section 57 Employees (Directors), with effect from 1 July 2014. Existing contracts however continue until they lapse.

The remuneration model developed by them for senior managers in the local government sector has been adjusted to reflect the remuneration trends in the labour market. This determination will be completed at a later stage for the 2018/2019 budget. For draft budgeting purposes, the same increase of 6,7 per cent, as for other employees has been factored into the budget.

The cost associated with the remuneration of councillors is determined by the Minister of Cooperative Governance and Traditional Affairs in accordance with the Remuneration of Public Office Bearers Act, 1998 (Act 20 of 1998). The proclamation with regard to the 2018/2019 increases was published during December 2018. No indication for 2019/20 has been received to date and

therefore remuneration of councillors has been factored into the 2019/2020 budget at 6,7 per cent.

The provision of debt impairment and write-off of bad debts for consumer accounts has been determined based on an annual collection rate of close to 65 per cent and the Debt Write-off Policy of the Municipality. For the 2019/20 financial year this amount equates to R19m and R6,7m for impairment and write-offs respectively. Impairment for traffic fines, resulting from the implementation of IGRAP1, has been budgeted according to the trends from the three previous financial years and amounts to R9m.

Provision for depreciation and asset impairment has been informed by the Municipality's Asset Management Policy. Depreciation is widely considered a proxy for the measurement of the rate of asset consumption. Budget appropriations in this regard total R46,2 m for the 2019/20 financial year and equates to 19,2 per cent of the total operating expenditure. Note that the implementation of GRAP 17 accounting standard has meant bringing a range of assets previously not included in the assets register onto the register. This resulted in a significant increase in depreciation relative to previous years.

Finance charges consist of the repayment of interest on borrowing. Finance charges comprise 0,65 per cent of operating expenditure.

Bulk purchases are directly informed by the purchase of electricity from Eskom. The proposals from the NERSA determination for Eskom, for a 9,41% bulk price increase to municipalities from the 1 July 2019 has been factored into the draft budget appropriations and also directly inform tariff increase.

Other materials, now classified as Inventory in mSCOA, comprise amongst others the purchase of materials for maintenance, cleaning materials, fuel, printing and stationary, top structures for housing projects etc. The expenditure on top structures that fluctuates from year to year causes major discrepancies in the trend for this type of expenditure.

In line with the Municipality's repairs and maintenance plan this group of expenditure has been prioritised to ensure sustainability of the Municipality's infrastructure. The introduction and reclassification resulting from mSCOA caused a shift in expenditure previously classified and budgeted under general expenses in relation to previous years' figures.

Contracted services have been identified as an area for the municipality to implement efficiencies. As part of the compilation of the 2019/20 MTREF this group of expenditure was critically evaluated and operational efficiencies are being enforced. In the 2019/20 financial year, this group of expenditure totals R6,3 m. The introduction and reclassification resulting from mSCOA has

caused a shift in expenditure previously classified and budgeted under general expenses. Further details relating to contracted services can be seen in Table 62 MBRR SA1.

Other Expenditure, now classified as Operational Costs in mSCOA, comprises of various line items relating to the daily operations of the municipality. The introduction and reclassification resulting from mSCOA has caused a shift in expenditure previously classified and budgeted under general expenses to Inventory (materials) and contracted services. This group of expenditure has also been identified as an area in which cost savings and efficiencies can be achieved. Further details relating to other expenditure can be seen in Table 62 MBRR SA1. It is highlighted that the NT A Schedules, although revised, did not sufficiently reflect mSCOA classifications relating to types of expenditure.

1.5.1 Priority given to repairs and maintenance

Aligned to the priority being given to preserving and maintaining the Municipality's current infrastructure, the 2019/20 budget and MTREF provide for continuing in the area of asset maintenance, as informed by the asset maintenance strategy and repairs and maintenance plan of the Municipality.

In terms of the Municipal Budget and Reporting Regulations, operational repairs and maintenance is not considered a direct expenditure driver but an outcome of certain other expenditures, such as remuneration, purchases of materials and contracted services. Considering these cost drivers, the following table is a consolidation of all the expenditures associated with repairs and maintenance.

Table 13 Operational repairs and maintenance

Description	Ref	2015/16	2016/17	2017/18	Current Year 2018/19				2019/20 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
R thousand											
Repairs and Maintenance by Expenditure Item	8										
Employee related costs		-	-	-	-	-	-	-	-	-	-
Other materials		17,172	25,691	21,805	24,662	24,662	24,662	24,662	33,988	35,627	37,366
Contracted Services		-	-	-	-	-	-	-	-	-	-
Other Expenditure		-	-	-	-	-	-	-	-	-	-
Total Repairs and Maintenance Expenditure	9	17,172	25,691	21,805	24,662	24,662	24,662	24,662	33,988	35,627	37,366

During the compilation of the 2019/20 MTREF operational repairs and maintenance was identified as a strategic imperative owing to the aging of the Municipality's infrastructure. As part of the 2019/20 MTREF this strategic imperative remains a priority.

In relation to the total operating expenditure, repairs and maintenance comprises on average 14 per cent of the budget over the respective financial years of the MTREF. The table below provides a breakdown of the repairs and maintenance in relation to asset classes:

Table 14 Repairs and maintenance per asset class

NW374 Kgetlengrivier - Supporting Table SA34c Repairs and maintenance expenditure by asset class

Description		Ref	2015/16	2016/17	2017/18	Current Year 2018/19			2019/20 Medium Term Revenue & Expenditure Framework		
R thousand		1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
Repairs and maintenance expenditure by Asset Class/Sub-class											
Infrastructure			17,172	25,691	21,805	24,327	24,327	24,327	22,714	24,101	25,562
Roads Infrastructure			17,172	25,691	21,805	1,880	1,880	1,880	1,074	1,132	1,194
Roads			17,172	25,691	21,805	1,144	1,144	1,144	1,074	1,132	1,194
Road Structures			-	-	-	14	14	14	-	-	-
Road Furniture			-	-	-	716	716	716	-	-	-
Capital Spares			-	-	-	5	5	5	-	-	-
Storm water Infrastructure			-	-	-	-	-	-	-	-	-
Electrical Infrastructure			-	-	-	7,270	7,270	7,270	6,648	7,046	7,464
Power Plants			-	-	-	7,270	7,270	7,270	6,648	7,046	7,464
Water Supply Infrastructure			-	-	-	4,042	4,042	4,042	7,357	7,687	8,035
Distribution			-	-	-	4,042	4,042	4,042	7,357	7,687	8,035
Sanitation Infrastructure			-	-	-	10,800	10,800	10,800	7,300	7,883	8,498
Waste Water Treatment Works			-	-	-	10,800	10,800	10,800	7,300	7,883	8,498
Solid Waste Infrastructure			-	-	-	335	335	335	335	353	372
Waste Transfer Stations			-	-	-	335	335	335	335	353	372
Community Assets			-	-	-	-	-	-	69	73	77
Community Facilities			-	-	-	-	-	-	69	73	77
Other assets			-	-	-	335	335	335	818	862	908
Operational Buildings			-	-	-	335	335	335	818	862	908
Municipal Offices			-	-	-	335	335	335	818	862	908
Computer Equipment			-	-	-	-	-	-	2,000	2,108	2,222
Computer Equipment			-	-	-	-	-	-	2,000	2,108	2,222
Furniture and Office Equipment			-	-	-	-	-	-	182	192	202
Furniture and Office Equipment			-	-	-	-	-	-	182	192	202
Machinery and Equipment			-	-	-	-	-	-	141	143	157
Machinery and Equipment			-	-	-	-	-	-	141	143	157
Transport Assets			-	-	-	-	-	-	1,564	1,649	1,738
Transport Assets			-	-	-	-	-	-	1,564	1,649	1,738
Total Repairs and Maintenance Expenditure		1	17,172	25,691	21,805	24,662	24,662	24,662	27,488	29,127	30,866
R&M as a % of PPE			3.0%	4.7%	3.8%	3.9%	3.9%	3.9%	4.3%	5.3%	4.9%
R&M as % Operating Expenditure			8.0%	11.7%	11.5%	10.8%	10.8%	10.8%	12.0%	13.2%	13.1%

For the 2019/20 financial year, 14,8 per cent or R27,4m of the total budget will be spent on repairs and maintenance, of which R22,7m is for infrastructure. Sanitation infrastructure has received a significant proportion of the infrastructure allocation totalling R7,3m, followed by water at R7,3m and electricity at R6,6m.

1.6 Capital expenditure

The following table provides a breakdown of budgeted capital expenditure by vote and functional area:

Table 16 2019/20 Medium-term capital budget per vote

For 2019/20 an amount of R25,8m has been appropriated for the development of infrastructure. In the outer years this amount totals R27,1m, and R28,9m, 82,5 respectively for each of the outer financial years. Water infrastructure projects are the only project for 2019/20 financial year

Further detail relating to asset classes and proposed capital expenditure is contained in Table 25 MBRR A9 (Asset Management). In addition to the MBRR Table A9, MBRR Tables SA34a, b, c & e provides a detailed breakdown of the capital programme relating to new asset constructions, capital asset renewal as well as operational repairs and maintenance by asset class. Some of the salient projects to be undertaken during 2019/20 includes, amongst others:

Top 5 Capital Projects

Project Description	Ward	Amount

1.7 Annual Budget Tables

The following twenty pages present the ten main budget tables as required in terms of section 8 of the Municipal Budget and Reporting Regulations. These tables set out the municipality's 2019/20 draft budget and MTREF to be approved and/or noted by the Council. Each table is accompanied by explanatory notes on the facing page.

Table 17 MBRR Table A1 - Budget Summary

NW374 Kgetlengrivier - Table A1 Budget Summary

Description	2015/16	2016/17	2017/18	Current Year 2018/19				2019/20 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
R thousands										
Financial Performance										
Property rates	7,608	7,638	7,579	8,000	8,000	8,000	8,000	8,416	8,854	9,314
Service charges	40,080	36,575	31,011	61,027	61,027	61,027	61,027	57,432	64,631	67,245
Investment revenue	294	44	98	50	50	50	50	53	55	58
Transfers recognised - operational	69,149	101,416	113,291	86,350	86,350	86,350	86,350	95,612	103,240	113,234
Other own revenue	42,549	56,114	53,569	84,102	84,102	84,102	84,102	82,006	75,226	79,380
Total Revenue (excluding capital transfers and contributions)	159,680	201,787	205,549	239,528	239,528	239,528	239,528	243,519	252,006	269,232
Employee costs	45,208	46,600	55,354	50,787	50,787	50,787	50,787	55,975	59,697	63,667
Remuneration of councillors	4,948	6,308	7,055	5,550	5,550	5,550	5,550	4,136	4,411	4,705
Depreciation & asset impairment	42,451	45,442	—	45,004	45,004	45,004	45,004	46,229	48,680	51,261
Finance charges	4,147	3,889	4,332	1,000	1,000	1,000	1,000	1,561	1,645	1,734
Materials and bulk purchases	47,081	57,120	50,766	53,713	53,713	53,713	53,713	37,005	38,937	40,964
Transfers and grants	—	—	—	—	—	—	—	—	—	—
Other expenditure	71,724	60,723	72,293	72,939	72,939	72,939	72,939	75,974	82,150	86,554
Total Expenditure	215,558	220,082	189,800	228,993	228,993	228,993	228,993	220,881	235,520	248,884
Surplus/(Deficit)	(55,878)	(18,294)	15,748	10,535	10,535	10,535	10,535	22,638	16,486	20,348
Transfers and subsidies - capital (monetary allocations) (Na	21,259	—	—	59,122	59,122	59,122	59,122	25,847	27,105	28,916
Contributions recognised - capital & contributed assets	—	—	—	—	—	—	—	—	—	—
Surplus/(Deficit) after capital transfers & contributions	(34,619)	(18,294)	15,748	69,658	69,658	69,658	69,658	48,485	43,591	49,264
Share of surplus/ (deficit) of associate	—	—	—	—	—	—	—	—	—	—
Surplus/(Deficit) for the year	(34,619)	(18,294)	15,748	69,658	69,658	69,658	69,658	48,485	43,591	49,264
Capital expenditure & funds sources										
Capital expenditure	50,503	47,736	31,238	59,122	59,122	59,122	59,122	24,555	25,660	27,470
Transfers recognised - capital	48,677	47,736	31,238	59,122	59,122	59,122	59,122	24,555	25,660	27,470
Borrowing	—	—	—	—	—	—	—	—	—	—
Internally generated funds	1,825	—	—	—	—	—	—	—	—	—
Total sources of capital funds	50,503	47,736	31,238	59,122	59,122	59,122	59,122	24,555	25,660	27,470
Financial position										
Total current assets	98,743	126,285	130,468	157,861	157,861	157,861	157,861	225,878	235,725	244,165
Total non current assets	601,442	581,422	607,132	676,812	676,812	676,812	676,812	574,006	664,170	706,915
Total current liabilities	147,573	175,113	189,664	111,494	111,494	111,494	111,494	122,003	118,132	99,386
Total non current liabilities	16,356	14,609	16,331	13,456	13,456	13,456	13,456	33,424	35,162	36,990
Community wealth/Equity	536,255	517,985	531,606	709,723	709,723	709,723	709,723	644,458	746,601	814,704
Cash flows										
Net cash from (used) operating	24,604	21,241	21,025	71,362	71,362	71,362	71,362	53,707	69,339	58,559
Net cash from (used) investing	(26,091)	(24,087)	(29,554)	(54,447)	(54,447)	(54,447)	(54,447)	(24,555)	(25,660)	(27,470)
Net cash from (used) financing	3,062	—	—	—	—	—	—	—	—	—
Cash/cash equivalents at the year end	3,487	641	(7,888)	28,053	16,915	16,915	16,915	30,622	74,301	105,390
Cash backing/surplus reconciliation										
Cash and investments available	4,565	641	(8,001)	32,217	32,217	32,217	32,217	3,979	6,772	12,329
Application of cash and investments	106,622	124,758	133,656	23,773	44,244	44,244	44,244	(2,847)	(28,495)	(24,605)
Balance - surplus (shortfall)	(102,057)	(124,117)	(141,657)	8,444	(12,027)	(12,027)	(12,027)	6,826	35,267	36,934
Asset management										
Asset register summary (WDV)	601,442	—	—	579,961	579,961	579,961	579,961	—	—	—
Depreciation	42,451	45,442	—	45,004	45,004	45,004	45,004	46,229	48,680	51,261
Renewal and Upgrading of Existing Assets	—	—	—	—	—	—	—	—	—	—
Repairs and Maintenance	17,172	25,691	21,805	24,662	24,662	24,662	24,662	27,488	29,127	30,866
Free services										
Cost of Free Basic Services provided	—	—	—	6,459	6,459	6,459	6,794	6,794	7,154	7,532
Revenue cost of free services provided	—	—	—	8,250	8,250	8,250	8,286	8,286	8,323	8,362
Households below minimum service level										
Water:	3	3	3	4	4	4	—	—	—	—
Sanitation/sewerage:	—	—	—	—	—	—	—	—	—	—
Energy:	7	3	4	4	4	4	—	—	—	—
Refuse:	6	6	6	6	6	6	14	14	14	14

Explanatory notes to MBRR Table A1 - Budget Summary

1. Table A1 is a budget summary and provides a concise overview of the Municipality's budget from all of the major financial perspectives (operating, capital expenditure, financial position, cash flow, and MFMA funding compliance).
2. The table provides an overview of the amounts approved by Council for operating performance, resources deployed to capital expenditure, financial position, cash and funding compliance, as well as the municipality's service delivery and commitment to eliminating basic service delivery backlogs.
3. Financial management reforms emphasises the importance of the municipal budget being funded. This requires the simultaneous assessment of the Financial Performance, Financial Position and Cash Flow Budgets, along with the Capital Budget. The Budget Summary provides the key information in this regard:
 - a. The operating surplus/deficit (after Total Expenditure) is positive over the MTREF
 - b. Capital expenditure is balanced by capital funding sources, of which
 - i. Transfers recognised is reflected on the Financial Performance Budget;
 - ii. Borrowing is incorporated in the net cash from financing on the Cash Flow Budget
 - iii. Internally generated funds are financed from a combination of the current operating surplus and accumulated cash-backed surpluses from previous years. The amount is incorporated in the Net cash from investing on the Cash Flow Budget. The fact that the municipality's cash flow remains positive and stable indicates that the necessary cash resources are available to fund the Capital Budget.
4. The Cash backing/surplus reconciliation shows that the cash increases over the MTREF.
5. Even though the Council is placing great emphasis on securing the financial sustainability of the municipality, this is not being done at the expense of services to the poor. The section of Free Services shows that the amount spent on Free Basic Services and the revenue cost of free services provided by the municipality continues to increase. In addition, the municipality continues to make progress in addressing service delivery backlogs.

Table 18 MBRR Table A2 - Budgeted Financial Performance (revenue and expenditure by functional classification)

Functional Classification Description	Ref	2015/16	2016/17	2017/18	Current Year 2018/19			2019/20 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
R thousand	1									
Revenue - Functional										
<i>Governance and administration</i>		104,100	125,848	136,371	125,727	125,727	125,727	151,530	163,659	177,340
Executive and council		78,737	101,986	113,513	81,506	81,506	81,506	117,118	127,033	138,574
Finance and administration		25,363	23,862	22,859	44,221	44,221	44,221	34,412	36,626	38,766
Internal audit		-	-	-	-	-	-	-	-	-
<i>Community and public safety</i>		603	-	-	1,542	1,542	1,542	59,112	49,466	52,117
Community and social services		603	-	-	1,359	1,359	1,359	12,369	219	231
Sport and recreation		-	-	-	3	3	3	3	3	3
Public safety		-	-	-	-	-	-	46,551	49,045	51,673
Housing		-	-	-	180	180	180	189	200	210
Health		-	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>		31,692	39,364	38,166	55,920	55,920	55,920	1,292	1,355	1,446
Planning and development		1,878	-	-	1,270	1,270	1,270	-	-	-
Road transport		29,814	39,364	38,166	54,650	54,650	54,650	1,292	1,355	1,446
Environmental protection		-	-	-	-	-	-	-	-	-
<i>Trading services</i>		44,544	36,575	31,011	115,461	115,461	115,461	57,432	64,631	67,245
Energy sources		32,848	25,833	24,355	45,946	45,946	45,946	42,453	48,717	51,348
Water management		5,484	4,919	1,357	58,817	58,817	58,817	7,724	8,282	7,869
Waste water management		4,392	3,628	3,003	6,499	6,499	6,499	4,838	5,089	5,354
Waste management		1,821	2,195	2,297	4,199	4,199	4,199	2,417	2,543	2,675
<i>Other</i>	4	-	-	-	-	-	-	-	-	-
Total Revenue - Functional	2	180,939	201,787	205,549	298,650	298,650	298,650	269,366	279,111	298,148
Expenditure - Functional										
<i>Governance and administration</i>		185,649	188,653	160,839	79,189	79,189	79,189	77,635	82,203	87,043
Executive and council		67,343	113,739	139,507	42,952	42,952	42,952	43,235	45,763	48,439
Finance and administration		118,306	74,913	21,332	36,237	36,237	36,237	34,400	36,440	38,603
Internal audit		-	-	-	-	-	-	-	-	-
<i>Community and public safety</i>		-	-	-	5,397	5,397	5,397	16,059	17,078	18,162
Community and social services		-	-	-	3,058	3,058	3,058	3,244	3,457	3,683
Sport and recreation		-	-	-	2,339	2,339	2,339	2,489	2,653	2,829
Public safety		-	-	-	-	-	-	10,325	10,968	11,650
Housing		-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>		-	-	-	39,998	39,998	39,998	30,156	31,865	33,672
Planning and development		-	-	-	7,309	7,309	7,309	3,945	4,170	4,409
Road transport		-	-	-	32,688	32,688	32,688	26,211	27,695	29,263
Environmental protection		-	-	-	-	-	-	-	-	-
<i>Trading services</i>		29,909	31,429	28,961	104,410	104,410	104,410	97,032	104,374	110,008
Energy sources		28,380	30,472	27,326	56,505	56,505	56,505	53,100	55,870	58,783
Water management		1,529	957	1,635	25,627	25,627	25,627	25,005	28,456	29,986
Waste water management		-	-	-	18,251	18,251	18,251	14,684	15,543	16,454
Waste management		-	-	-	4,027	4,027	4,027	4,243	4,505	4,785
<i>Other</i>	4	-	-	-	-	-	-	-	-	-
Total Expenditure - Functional	3	215,558	220,082	189,800	228,993	228,993	228,993	220,881	235,520	248,884
Surplus/(Deficit) for the year		(34,619)	(18,294)	15,748	69,658	69,658	69,658	48,485	43,591	49,264

Explanatory notes to MBRR Table A2 - Budgeted Financial Performance (revenue and expenditure by functional classification) - mSCOA - Function/Sub Function

1. Table A2 is a view of the budgeted financial performance in relation to revenue and expenditure per functional classification. The modified GFS functional classification, now Function/Sub Function, divides the municipal services into 15 functional areas. Municipal revenue, operating expenditure and capital expenditure are then classified in terms of each of these functional areas which enables National Treasury to compile 'whole of government' reports.
2. Note the Total Revenue on this table includes capital revenues (Transfers recognised: capital) and so does not balance to the operating revenue shown on Table A4.

Table 19 MBRR Table A3 - Budgeted Financial Performance (revenue and expenditure by municipal vote)

Vote Description	Ref	2015/16	2016/17	2017/18	Current Year 2018/19			2019/20 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
Revenue by Vote	1									
Vote 1 - Governance and Administration		90,408	101,986	113,513	81,506	81,506	81,506	117,118	127,033	138,574
Vote 2 - Corporate Services		873	-	-	4,675	4,675	4,675	10,700	-	-
Vote 3 - Finance and Administration		19,685	23,862	22,859	39,546	39,546	39,546	34,412	36,626	38,766
Vote 4 - Public Safety		29,814	39,364	38,166	44,270	44,270	44,270	46,572	49,067	51,696
Vote 5 - Planning and Economic Development		-	-	-	-	-	-	-	-	-
Vote 6 - Community and Social Services		78	-	-	1,339	1,339	1,339	1,648	197	207
Vote 7 - Sports and Recreation		-	-	-	3	3	3	3	3	3
Vote 8 - Housing		-	-	-	180	180	180	189	200	210
Vote 9 - Environmental Management		-	-	-	-	-	-	-	-	-
Vote 10 - Roads and Transport		-	-	-	11,770	11,770	11,770	1,292	1,355	1,446
Vote 11 - Electricity		29,415	25,833	24,355	45,846	45,846	45,846	42,453	48,717	51,348
Vote 12 - Waste Water Management(Sanitation)		3,360	3,628	3,003	6,499	6,499	6,499	4,838	5,089	5,354
Vote 13 - Water		5,484	4,919	1,357	58,817	58,817	58,817	7,724	8,282	7,869
Vote 14 - Solid Waste Management(Refuse)		1,821	2,195	2,297	4,199	4,199	4,199	2,417	2,543	2,675
0		-	-	-	-	-	-	-	-	-
Total Revenue by Vote	2	180,939	201,787	205,549	298,650	298,650	298,650	269,366	279,111	298,148
Expenditure by Vote to be appropriated	1									
Vote 1 - Governance and Administration		50,155	113,739	139,507	42,952	42,952	42,952	43,235	45,763	48,439
Vote 2 - Corporate Services		65,880	43,589	785	16,834	16,834	16,834	17,087	18,080	19,131
Vote 3 - Finance and Administration		69,598	31,325	20,547	19,403	19,403	19,403	17,312	18,360	19,472
Vote 4 - Public Safety		-	-	-	10,901	10,901	10,901	10,325	10,968	11,650
Vote 5 - Planning and Economic Development		-	-	-	5,881	5,881	5,881	3,945	4,170	4,409
Vote 6 - Community and Social Services		-	-	-	3,058	3,058	3,058	3,244	3,457	3,683
Vote 7 - Sports and Recreation		-	-	-	2,339	2,339	2,339	2,489	2,653	2,829
Vote 8 - Housing		-	-	-	-	-	-	-	-	-
Vote 9 - Environmental Management		-	-	-	-	-	-	-	-	-
Vote 10 - Roads and Transport		-	-	-	23,216	23,216	23,216	26,211	27,695	29,263
Vote 11 - Electricity		28,380	30,472	27,326	56,505	56,505	56,505	53,100	55,870	58,783
Vote 12 - Waste Water Management(Sanitation)		-	-	-	18,251	18,251	18,251	14,684	15,543	16,454
Vote 13 - Water		1,529	957	1,635	25,627	25,627	25,627	25,005	28,456	29,986
Vote 14 - Solid Waste Management(Refuse)		-	-	-	4,027	4,027	4,027	4,243	4,505	4,785
0		-	-	-	-	-	-	-	-	-
Total Expenditure by Vote	2	215,542	220,082	189,800	228,993	228,993	228,993	220,881	235,520	248,884
Surplus/(Deficit) for the year	2	(34,603)	(18,294)	15,748	69,658	69,658	69,658	48,485	43,591	49,264

**Explanatory notes to MBRR Table A3 - Budgeted Financial Performance
(revenue and expenditure by municipal vote) – mSCOA – Own Segment**

1. Table A3 is a view of the budgeted financial performance in relation to the revenue and expenditure per own segment: municipal vote (directorate). This table facilitates the view of the budgeted operating performance in relation to the organisational structure of the Municipality. This means it is possible to present the operating surplus or deficit of a vote.
2. Note the Total Revenue on this table includes capital revenues (Transfers recognised: capital) and so does not balance to the operating revenue shown on Table A4.

Table 20 MBRR Table A4 - Budgeted Financial Performance (revenue and expenditure)

Description		Ref	2015/16	2016/17	2017/18	Current Year 2018/19				2019/20 Medium Term Revenue & Expenditure Framework		
R thousand		1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
Revenue By Source												
Property rates	2		7,608	7,638	7,579	8,000	8,000	8,000	8,000	8,416	8,854	9,314
Service charges - electricity revenue	2		29,415	25,833	24,355	43,936	43,936	43,936	43,936	42,453	48,717	51,348
Service charges - water revenue	2		5,484	4,919	1,357	10,194	10,194	10,194	10,194	7,724	8,282	7,869
Service charges - sanitation revenue	2		3,360	3,628	3,003	4,599	4,599	4,599	4,599	4,838	5,089	5,354
Service charges - refuse revenue	2		1,821	2,195	2,297	2,298	2,298	2,298	2,298	2,417	2,543	2,675
Rental of facilities and equipment			78	108	88	190	190	190	190	226	239	252
Interest earned - external investments			294	44	98	50	50	50	50	53	55	58
Interest earned - outstanding debtors			11,783	16,072	15,093	18,000	18,000	18,000	18,000	18,936	19,959	21,036
Dividends received										-	-	-
Fines, penalties and forfeits			24,622	34,525	32,778	35,000	35,000	35,000	35,000	36,820	38,808	40,904
Licences and permits			5,192	4,839	5,388	9,250	9,250	9,250	9,250	9,731	10,237	10,769
Agency services										-	-	-
Transfers and subsidies			69,149	101,416	113,291	86,350	86,350	86,350	86,350	95,612	103,240	113,234
Other revenue	2		873	570	222	16,986	16,986	16,986	16,986	16,293	5,984	6,420
Gains on disposal of PPE						4,675	4,675	4,675	4,675	-	-	-
Total Revenue (excluding capital transfers and contributions)			159,680	201,787	205,549	239,528	239,528	239,528	239,528	243,519	252,006	269,232
Expenditure By Type												
Employee related costs	2		45,208	46,600	55,354	50,787	50,787	50,787	50,787	55,975	59,697	63,667
Remuneration of councillors			4,948	6,308	7,055	5,550	5,550	5,550	5,550	4,136	4,411	4,705
Debt impairment	3		23,001	12,705	27,436	18,000	18,000	18,000	18,000	19,000	20,026	21,107
Depreciation & asset impairment	2		42,451	45,442	-	45,004	45,004	45,004	45,004	46,229	48,680	51,261
Finance charges			4,147	3,889	4,332	1,000	1,000	1,000	1,000	1,561	1,645	1,734
Bulk purchases	2		29,909	31,429	28,961	29,051	29,051	29,051	29,051	30,561	32,150	33,822
Other materials	8		17,172	25,691	21,805	24,662	24,662	24,662	24,662	6,444	6,787	7,142
Contracted services			-	-	-	6,387	6,387	6,387	6,387	6,387	6,731	7,095
Transfers and subsidies			-	-	-	-	-	-	-	-	-	-
Other expenditure	4, 5		48,723	46,746	44,857	48,553	48,553	48,553	48,553	50,588	55,392	58,351
Loss on disposal of PPE			-	1,272	-	-	-	-	-	-	-	-
Total Expenditure			215,558	220,082	189,800	228,993	228,993	228,993	228,993	220,881	235,520	248,884
Surplus/(Deficit)												
			(55,878)	(18,294)	15,748	10,535	10,535	10,535	10,535	22,638	16,486	20,348
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)			21,259	-	-	59,122	59,122	59,122	59,122	25,847	27,105	28,916
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporatons, Higher Educational Institutions)	6		-	-	-	-	-	-	-	-	-	-
Transfers and subsidies - capital (in-kind - all)			-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions			(34,619)	(18,294)	15,748	69,658	69,658	69,658	69,658	48,485	43,591	49,264
Taxation			-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after taxation			(34,619)	(18,294)	15,748	69,658	69,658	69,658	69,658	48,485	43,591	49,264
Attributable to minorities			-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) attributable to municipality			(34,619)	(18,294)	15,748	69,658	69,658	69,658	69,658	48,485	43,591	49,264
Share of surplus/ (deficit) of associate	7		-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) for the year			(34,619)	(18,294)	15,748	69,658	69,658	69,658	69,658	48,485	43,591	49,264

Explanatory notes to Table A4 - Budgeted Financial Performance (revenue and expenditure)

1. Total operating revenue is R239,5 million in 2018/2019 and indicates an increase to R243,5 million in 2019/20.
2. Revenue to be generated from property rates is R8 million in the 2018/2019 financial year and increases to R8,4 million by 2019/20 which represents 5,2 per cent of the operating revenue base of the Municipality and therefore remains a significant funding source for the municipality.
3. Services charges relating to electricity, water, sanitation and refuse removal constitutes the biggest component of the revenue basket of the Municipality totalling R61 million for the 2018/2019 financial year and indicates an increase to R70 million by 2019/20. For the 2019/20 financial year services charges amount to 14,7 per cent of the operating revenue base.
4. Transfers recognised – operating grants includes the local government equitable share and other operating grants from national and provincial government.
5. Bulk purchases have significantly increased over the 2019/20 to 2021/22 period escalating from R29 million to R30,5 million. These increases can be attributed to the substantial increase in the cost of bulk electricity from Eskom over the past years. The change in the trend for contracted services also relates to the reclassification of expenditure resulting from mSCOA implementation.
7. Employee related costs and bulk purchases are the main cost drivers within the municipality and alternative operational gains and efficiencies will have to be identified to lessen the impact of wage and bulk tariff increases in future years.

Table 21 MBRR Table A5 - Budgeted Capital Expenditure by vote, functional classification and funding source

Vote Description	Ref	2015/16	2016/17	2017/18	Current Year 2018/19				2019/20 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
R thousand	1										
Capital expenditure - Vote											
Multi-year expenditure to be appropriated	2										
Vote 1 - Governance and Administration		-	-	-	-	-	-	-	-	-	-
Vote 2 - Corporate Services		-	-	-	-	-	-	-	-	-	-
Vote 3 - Finance and Administration		-	-	-	-	-	-	-	-	-	-
Vote 4 - Public Safety		-	-	-	-	-	-	-	-	-	-
Vote 5 - Planning and Economic Development		-	-	-	-	-	-	-	-	-	-
Vote 6 - Community and Social Services		-	-	-	-	-	-	-	-	-	-
Vote 7 - Sports and Recreation		-	-	-	-	-	-	-	-	-	-
Vote 8 - Housing		-	-	-	-	-	-	-	-	-	-
Vote 9 - Environmental Management		-	-	-	-	-	-	-	-	-	-
Vote 10 - Roads and Transport		-	-	-	-	-	-	-	-	-	-
Vote 11 - Electricity		-	-	-	-	-	-	-	-	-	-
Vote 12 - Waste Water Management(Sanitation)		-	-	-	-	-	-	-	-	-	-
Vote 13 - Water		-	-	-	-	-	-	-	-	-	-
Vote 14 - Solid Waste Management(Refuse)		-	-	-	-	-	-	-	-	-	-
0		-	-	-	-	-	-	-	-	-	-
Capital multi-year expenditure sub-total	7	-	-	-	-	-	-	-	-	-	-
Single-year expenditure to be appropriated	2										
Vote 1 - Governance and Administration		1,825	2,913	655	-	-	-	-	-	-	-
Vote 2 - Corporate Services		-	-	-	-	-	-	-	-	-	-
Vote 3 - Finance and Administration		-	-	-	-	-	-	-	-	-	-
Vote 4 - Public Safety		-	-	-	-	-	-	-	-	-	-
Vote 5 - Planning and Economic Development		-	-	-	-	-	-	-	-	-	-
Vote 6 - Community and Social Services		-	-	-	-	-	-	-	-	-	-
Vote 7 - Sports and Recreation		-	-	-	-	-	-	-	-	-	-
Vote 8 - Housing		-	-	-	-	-	-	-	-	-	-
Vote 9 - Environmental Management		-	-	-	-	-	-	-	-	-	-
Vote 10 - Roads and Transport		48,677	44,822	30,583	10,500	10,500	10,500	10,500	-	-	-
Vote 11 - Electricity		-	-	-	-	-	-	-	-	-	-
Vote 12 - Waste Water Management(Sanitation)		-	-	-	-	-	-	-	-	-	-
Vote 13 - Water		-	-	-	48,622	48,622	48,622	48,622	24,555	25,660	27,470
Vote 14 - Solid Waste Management(Refuse)		-	-	-	-	-	-	-	-	-	-
0		-	-	-	-	-	-	-	-	-	-
Capital single-year expenditure sub-total		50,503	47,736	31,238	59,122	59,122	59,122	59,122	24,555	25,660	27,470
Total Capital Expenditure - Vote		50,503	47,736	31,238	59,122	59,122	59,122	59,122	24,555	25,660	27,470
Capital Expenditure - Functional											
<i>Governance and administration</i>		1,825	224	-	-	-	-	-	-	-	-
Executive and council		1,825	224	-	-	-	-	-	-	-	-
Finance and administration		-	-	-	-	-	-	-	-	-	-
Internal audit		-	-	-	-	-	-	-	-	-	-
<i>Community and public safety</i>		-	-	-	-	-	-	-	-	-	-
Community and social services		-	-	-	-	-	-	-	-	-	-
Sport and recreation		-	-	-	-	-	-	-	-	-	-
Public safety		-	-	-	-	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>		48,677	44,822	30,583	10,500	10,500	10,500	10,500	-	-	-
Planning and development		-	-	-	-	-	-	-	-	-	-
Road transport		48,677	44,822	30,583	10,500	10,500	10,500	10,500	-	-	-
Environmental protection		-	-	-	-	-	-	-	-	-	-
<i>Trading services</i>		-	-	-	48,622	48,622	48,622	48,622	24,555	25,660	27,470
Energy sources		-	-	-	-	-	-	-	-	-	-
Water management		-	-	-	48,622	48,622	48,622	48,622	24,555	25,660	27,470
Waste water management		-	-	-	-	-	-	-	-	-	-
Waste management		-	-	-	-	-	-	-	-	-	-
<i>Other</i>		-	2,690	655	-	-	-	-	-	-	-
Total Capital Expenditure - Functional	3	50,503	47,736	31,238	59,122	59,122	59,122	59,122	24,555	25,660	27,470
Funded by:											
National Government		48,677	47,736	31,238	59,122	59,122	59,122	59,122	24,555	25,660	27,470
Provincial Government		-	-	-	-	-	-	-	-	-	-
District Municipality		-	-	-	-	-	-	-	-	-	-
Other transfers and grants		-	-	-	-	-	-	-	-	-	-
Transfers recognised - capital	4	48,677	47,736	31,238	59,122	59,122	59,122	59,122	24,555	25,660	27,470
Borrowing	6	-	-	-	-	-	-	-	-	-	-
Internally generated funds		1,825	-	-	-	-	-	-	-	-	-
Total Capital Funding	7	50,503	47,736	31,238	59,122	59,122	59,122	59,122	24,555	25,660	27,470

Explanatory notes to Table A5 - Budgeted Capital Expenditure by vote, functional classification and funding source.

1. Table A5 is a breakdown of the capital programme in relation to capital expenditure by municipal vote (multi-year and single-year appropriations); capital expenditure by functional classification; and the funding sources necessary to fund the capital budget, including information on capital transfers from national and provincial departments.
2. 2. The MFMA provides that a municipality may approve multi-year or single-year capital budget appropriations. The capital expenditure amounts to R24,4 million in 2019/20.
3. 3. Unlike multi-year capital appropriations, single-year appropriations relate to expenditure that will be incurred in the specific budget year such as the procurement of vehicles and specialized tools and equipment. The budget appropriations for the two outer years are indicative allocations based on the departmental business plans as informed by the IDP and will be reviewed on an annual basis to assess the relevance of the expenditure in relation to the strategic objectives and service delivery imperatives of the Municipality.
4. 4. The capital programme is funded from national and provincial grants and transfers, and internally generated funds from previous year surpluses. For 2019/20, capital transfers totals R25,6 million. These funding sources are further discussed in detail in paragraph 2.6 (Overview of Budget Funding).

Table 22 MBRR Table A6 - Budgeted Financial Position

Description	Ref	2015/16	2016/17	2017/18	Current Year 2018/19				2019/20 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
R thousand											
ASSETS											
Current assets											
Cash		3,115	641	(2,094)	30,788	30,788	30,788	30,788	2,550	5,343	10,900
Call investment deposits	1	1,450	–	–	1,429	1,429	1,429	1,429	1,429	1,429	1,429
Consumer debtors	1	16,422	40,611	54,278	40,611	40,611	40,611	40,611	177,028	181,748	182,082
Other debtors		26,442	33,918	27,572	33,918	33,918	33,918	33,918			
Current portion of long-term receivables											
Inventory	2	51,314	51,115	50,712	51,115	51,115	51,115	51,115	44,872	47,205	49,755
Total current assets		98,743	126,285	130,468	157,861	157,861	157,861	157,861	225,878	235,725	244,165
Non current assets											
Long-term receivables		–	–	3						–	
Investments		–	–	–	–	–	–	–	–	–	–
Investment property		35,599	35,926	35,901	37,804	37,804	37,804	37,804	28,511	28,511	28,511
Investment in Associate											
Property, plant and equipment	3	565,843	545,495	571,204	639,008	639,008	639,008	639,008	545,495	635,659	678,404
Biological								–		–	
Intangible								–			
Other non-current assets		24	–	–							
Total non current assets		601,442	581,422	607,132	676,812	676,812	676,812	676,812	574,006	664,170	706,915
TOTAL ASSETS		700,185	707,707	737,601	834,673	834,673	834,673	834,673	799,885	899,895	951,080
LIABILITIES											
Current liabilities											
Bank overdraft	1			5,906							
Borrowing	4	–	–	–	–	–	–	–	–	–	–
Consumer deposits		1,909	1,897	1,865	1,897	1,897	1,897	1,897	1,892	2,002	2,105
Trade and other payables	4	125,310	153,995	160,568	89,126	89,126	89,126	89,126	99,640	95,660	76,810
Provisions		20,354	19,221	21,325	20,471	20,471	20,471	20,471	20,471	20,471	20,471
Total current liabilities		147,573	175,113	189,664	111,494	111,494	111,494	111,494	122,003	118,132	99,386
Non current liabilities											
Borrowing		–	–	–	–	–	–	–	–	–	–
Provisions		16,356	14,609	16,331	13,456	13,456	13,456	13,456	33,424	35,162	36,990
Total non current liabilities		16,356	14,609	16,331	13,456	13,456	13,456	13,456	33,424	35,162	36,990
TOTAL LIABILITIES		163,929	189,722	205,995	124,950	124,950	124,950	124,950	155,427	153,294	136,376
NET ASSETS	5	536,255	517,985	531,606	709,723	709,723	709,723	709,723	644,458	746,601	814,704
COMMUNITY WEALTH/EQUITY											
Accumulated Surplus/(Deficit)		536,255	517,985	531,606	709,723	709,723	709,723	709,723	644,458	746,601	814,704
Reserves	4	–	–	–	–	–	–	–	–	–	–
TOTAL COMMUNITY WEALTH/EQUITY	5	536,255	517,985	531,606	709,723	709,723	709,723	709,723	644,458	746,601	814,704

Explanatory notes to Table A6 - Budgeted Financial Position

1. Table A6 is consistent with international standards of good financial management practice, and improves understandability for councilors and management of the impact of the budget on the statement of financial position (balance sheet).
2. This format of presenting the statement of financial position is largely aligned to GRAP1, which is generally aligned to the international version which presents Assets less Liabilities as “accounting” Community Wealth. The order of items within each group illustrates items in order of liquidity; i.e. assets readily converted to cash, or liabilities immediately required to be met from cash, appear first.
3. Table 64 is supported by an extensive table of notes (SA3) providing a detailed analysis of the major components of a number of items, including:
 - ✚ Call investments deposits;
 - ✚ Consumer debtors;
 - ✚ Property, plant and equipment;
 - ✚ Trade and other payables;
 - ✚ Provisions non-current;
 - ✚ Changes in net assets; and
 - ✚ Reserves
4. The municipal equivalent of equity is Community Wealth/Equity. The justification is that ownership and the net assets of the municipality belong to the community.
5. Any movement on the Budgeted Financial Performance or the Capital Budget will inevitably impact on the Budgeted Financial Position. As an example, the collection rate assumption will impact on the cash position of the municipality and subsequently inform the level of cash and cash equivalents at year end. Similarly, the collection rate assumption should inform the budget appropriation for debt impairment which in turn would impact on the provision for bad debt. These budget and planning assumptions form a critical link in determining the applicability and relevance of the budget as well as the determination of ratios and financial indicators. In addition the funding compliance assessment is informed directly by forecasting the statement of financial position.

Table 23 MBRR Table A7 - Budgeted Cash Flow Statement

Description	Ref	2015/16	2016/17	2017/18	Current Year 2018/19				2019/20 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
R thousand											
CASH FLOW FROM OPERATING ACTIVITIES											
Receipts											
Property rates		366	-	-	4,800	4,800	4,800	4,800	5,050	8,854	5,312
Service charges		1,464	33,938	30,187	47,161	47,161	47,161	47,161	42,950	64,631	43,650
Other revenue		37,422	4,537	113	37,440	37,440	37,440	37,440	37,598	28,102	37,892
Government - operating	1	66,492	103,442	-	86,350	86,350	86,350	86,350	95,612	103,240	113,234
Government - capital	1	23,658			59,122	59,122	59,122	59,122	25,392	25,847	27,105
Interest		12,077	16,116	98	3,650	3,650	3,650	3,650	1,946	3,843	5,739
Dividends									-	-	-
Payments											
Suppliers and employees		(112,729)	(132,904)	(5,041)	(166,161)	(166,161)	(166,161)	(166,161)	(153,280)	(163,532)	(172,640)
Finance charges		(4,147)	(3,889)	(4,332)	(1,000)	(1,000)	(1,000)	(1,000)	(1,561)	(1,645)	(1,734)
Transfers and Grants	1								-	-	-
NET CASH FROM/(USED) OPERATING ACTIVITIES		24,604	21,241	21,025	71,362	71,362	71,362	71,362	53,707	69,339	58,559
CASH FLOWS FROM INVESTING ACTIVITIES											
Receipts											
Proceeds on disposal of PPE		142	302	-	4,675	4,675	4,675	4,675	-	-	-
Decrease (Increase) in non-current debtors									-	-	-
Decrease (increase) other non-current receivables									-	-	-
Decrease (increase) in non-current investments			(66)	(1,830)					-	-	-
Payments											
Capital assets		(26,233)	(24,324)	(27,724)	(59,122)	(59,122)	(59,122)	(59,122)	(24,555)	(25,660)	(27,470)
NET CASH FROM/(USED) INVESTING ACTIVITIES		(26,091)	(24,087)	(29,554)	(54,447)	(54,447)	(54,447)	(54,447)	(24,555)	(25,660)	(27,470)
CASH FLOWS FROM FINANCING ACTIVITIES											
Receipts											
Short term loans									-	-	-
Borrowing long term/refinancing		4,854							-	-	-
Increase (decrease) in consumer deposits									-	-	-
Payments											
Repayment of borrowing		(1,792)							-	-	-
NET CASH FROM/(USED) FINANCING ACTIVITIES		3,062	-	-	-	-	-	-	-	-	-
NET INCREASE/ (DECREASE) IN CASH HELD		1,575	(2,846)	(8,529)	16,915	16,915	16,915	16,915	29,152	43,679	31,089
Cash/cash equivalents at the year begin:	2	1,913	3,487	641	11,138				1,470	30,622	74,301
Cash/cash equivalents at the year end:	2	3,487	641	(7,888)	28,053	16,915	16,915	16,915	30,622	74,301	105,390

Explanatory notes to Table A7 - Budgeted Cash Flow Statement

1. The budgeted cash flow statement is the first measurement in determining if the budget is funded.
2. It shows the expected level of cash in-flow versus cash out-flow that is likely to result from the implementation of the budget.
3. It can be seen that the cash levels of the Municipality increase steadily over the 2019/2020 to 2021/22 period.
4. The 2019/20 MTREF has been informed by the planning principle of ensuring adequate cash over the medium-term.
5. Cash and cash equivalents totals R30,6 million as at the end of the 2019/2020 financial year and is estimated to increase to R74,3 million by 2021/22.

Table 24 MBRR Table A8 - Cash Backed Reserves/Accumulated Surplus Reconciliation

R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
<u>Cash and investments available</u>											
Cash/cash equivalents at the year end	1	3,487	641	(7,888)	28,053	16,915	16,915	16,915	30,622	74,301	105,390
Other current investments > 90 days		1,077	-	(113)	4,164	15,302	15,302	15,302	(26,644)	(67,530)	(93,062)
Non current assets - Investments	1	-	-	-	-	-	-	-	-	-	-
Cash and investments available:		4,565	641	(8,001)	32,217	32,217	32,217	32,217	3,979	6,772	12,329
<u>Application of cash and investments</u>											
Unspent conditional transfers		6,213	8,239	21,307	-	-	-	-	-	-	-
Unspent borrowing		-	-	-	-	-	-	-	-	-	-
Statutory requirements	2										
Other working capital requirements	3	100,409	116,519	112,349	44,244	44,244	44,244	44,244	(2,847)	(28,495)	(24,605)
Other provisions					(20,471)						
Long term investments committed	4	-	-	-	-	-	-	-	-	-	-
Reserves to be backed by cash/investments	5										
Total Application of cash and investments:		106,622	124,758	133,656	23,773	44,244	44,244	44,244	(2,847)	(28,495)	(24,605)
Surplus(shortfall)		(102,057)	(124,117)	(141,657)	8,444	(12,027)	(12,027)	(12,027)	6,826	35,267	36,934

Explanatory notes to Table A8 - Cash Backed Reserves/Accumulated Surplus Reconciliation

1. The cash backed reserves/accumulated surplus reconciliation is aligned to the requirements of MFMA Circular 42 – Funding a Municipal Budget.
2. In essence the table evaluates the funding levels of the budget by firstly forecasting the cash and investments at year end and secondly reconciling the available funding to the liabilities/commitments that exist.
3. The outcome of this exercise would either be a surplus or deficit. A deficit would indicate that the applications exceed the cash and investments available and would be indicative of noncompliance with the MFMA requirements that the municipality's budget must be "funded".
4. As part of the budgeting and planning guidelines that informs the compilation of the 2019/20 MTREF the end objective of the medium-term framework is to ensure the budget is funded and aligned to section 18 of the MFMA.
5. As can be seen the budget has been modelled to ensure that the budget is funded.

Table 25 MBRR Table A9 - Asset Management

Description	Ref	2015/16	2016/17	2017/18	Current Year 2018/19			2019/20 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
R thousand										
CAPITAL EXPENDITURE										
Total New Assets	1	50,503	47,736	31,238	59,122	59,122	59,122	24,555	25,660	27,470
Roads Infrastructure		48,677	47,736	31,238	10,500	10,500	10,500	-	-	-
Storm water Infrastructure		-	-	-	-	-	-	-	-	-
Electrical Infrastructure		-	-	-	-	-	-	-	-	-
Water Supply Infrastructure		-	-	-	48,622	48,622	48,622	24,555	25,660	27,470
Sanitation Infrastructure		-	-	-	-	-	-	-	-	-
Solid Waste Infrastructure		-	-	-	-	-	-	-	-	-
Rail Infrastructure		-	-	-	-	-	-	-	-	-
Coastal Infrastructure		-	-	-	-	-	-	-	-	-
Information and Communication Infrastructure		-	-	-	-	-	-	-	-	-
Infrastructure		48,677	47,736	31,238	59,122	59,122	59,122	24,555	25,660	27,470
Community Facilities		-	-	-	-	-	-	-	-	-
Sport and Recreation Facilities		-	-	-	-	-	-	-	-	-
Community Assets		-	-	-	-	-	-	-	-	-
Heritage Assets		-	-	-	-	-	-	-	-	-
Revenue Generating		-	-	-	-	-	-	-	-	-
Non-revenue Generating		-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Operational Buildings		1,825	-	-	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-
Other Assets		1,825	-	-	-	-	-	-	-	-
Biological or Cultivated Assets		-	-	-	-	-	-	-	-	-
Servitudes		-	-	-	-	-	-	-	-	-
Licences and Rights		-	-	-	-	-	-	-	-	-
Intangible Assets		-	-	-	-	-	-	-	-	-
Computer Equipment		-	-	-	-	-	-	-	-	-
Furniture and Office Equipment		-	-	-	-	-	-	-	-	-
Machinery and Equipment		-	-	-	-	-	-	-	-	-
Transport Assets		-	-	-	-	-	-	-	-	-
Land		-	-	-	-	-	-	-	-	-
Zoo's, Marine and Non-biological Animals		-	-	-	-	-	-	-	-	-
Total Renewal of Existing Assets	2	-	-	-	-	-	-	-	-	-
Roads Infrastructure		-	-	-	-	-	-	-	-	-
Storm water Infrastructure		-	-	-	-	-	-	-	-	-
Electrical Infrastructure		-	-	-	-	-	-	-	-	-
Water Supply Infrastructure		-	-	-	-	-	-	-	-	-
Sanitation Infrastructure		-	-	-	-	-	-	-	-	-
Solid Waste Infrastructure		-	-	-	-	-	-	-	-	-
Rail Infrastructure		-	-	-	-	-	-	-	-	-
Coastal Infrastructure		-	-	-	-	-	-	-	-	-
Information and Communication Infrastructure		-	-	-	-	-	-	-	-	-
Infrastructure		-	-	-	-	-	-	-	-	-
Community Facilities		-	-	-	-	-	-	-	-	-
Sport and Recreation Facilities		-	-	-	-	-	-	-	-	-
Community Assets		-	-	-	-	-	-	-	-	-
Heritage Assets		-	-	-	-	-	-	-	-	-
Revenue Generating		-	-	-	-	-	-	-	-	-
Non-revenue Generating		-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Operational Buildings		-	-	-	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-
Other Assets		-	-	-	-	-	-	-	-	-
Biological or Cultivated Assets		-	-	-	-	-	-	-	-	-
Servitudes		-	-	-	-	-	-	-	-	-
Licences and Rights		-	-	-	-	-	-	-	-	-
Intangible Assets		-	-	-	-	-	-	-	-	-
Computer Equipment		-	-	-	-	-	-	-	-	-
Furniture and Office Equipment		-	-	-	-	-	-	-	-	-
Machinery and Equipment		-	-	-	-	-	-	-	-	-
Transport Assets		-	-	-	-	-	-	-	-	-
Land		-	-	-	-	-	-	-	-	-
Zoo's, Marine and Non-biological Animals		-	-	-	-	-	-	-	-	-
Total Upgrading of Existing Assets	6	-	-	-	-	-	-	-	-	-
Roads Infrastructure		-	-	-	-	-	-	-	-	-
Storm water Infrastructure		-	-	-	-	-	-	-	-	-
Electrical Infrastructure		-	-	-	-	-	-	-	-	-
Water Supply Infrastructure		-	-	-	-	-	-	-	-	-
Sanitation Infrastructure		-	-	-	-	-	-	-	-	-
Solid Waste Infrastructure		-	-	-	-	-	-	-	-	-
Rail Infrastructure		-	-	-	-	-	-	-	-	-
Coastal Infrastructure		-	-	-	-	-	-	-	-	-
Information and Communication Infrastructure		-	-	-	-	-	-	-	-	-
Infrastructure		-	-	-	-	-	-	-	-	-
Community Facilities		-	-	-	-	-	-	-	-	-
Sport and Recreation Facilities		-	-	-	-	-	-	-	-	-
Community Assets		-	-	-	-	-	-	-	-	-
Heritage Assets		-	-	-	-	-	-	-	-	-
Revenue Generating		-	-	-	-	-	-	-	-	-
Non-revenue Generating		-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Operational Buildings		-	-	-	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-
Other Assets		-	-	-	-	-	-	-	-	-
Biological or Cultivated Assets		-	-	-	-	-	-	-	-	-
Servitudes		-	-	-	-	-	-	-	-	-
Licences and Rights		-	-	-	-	-	-	-	-	-
Intangible Assets		-	-	-	-	-	-	-	-	-
Computer Equipment		-	-	-	-	-	-	-	-	-
Furniture and Office Equipment		-	-	-	-	-	-	-	-	-
Machinery and Equipment		-	-	-	-	-	-	-	-	-
Transport Assets		-	-	-	-	-	-	-	-	-
Land		-	-	-	-	-	-	-	-	-
Zoo's, Marine and Non-biological Animals		-	-	-	-	-	-	-	-	-
Total Capital Expenditure	4	50,503	47,736	31,238	59,122	59,122	59,122	24,555	25,660	27,470
Roads Infrastructure		48,677	47,736	31,238	10,500	10,500	10,500	-	-	-
Storm water Infrastructure		-	-	-	-	-	-	-	-	-
Electrical Infrastructure		-	-	-	-	-	-	-	-	-
Water Supply Infrastructure		-	-	-	48,622	48,622	48,622	24,555	25,660	27,470
Sanitation Infrastructure		-	-	-	-	-	-	-	-	-
Solid Waste Infrastructure		-	-	-	-	-	-	-	-	-
Rail Infrastructure		-	-	-	-	-	-	-	-	-
Coastal Infrastructure		-	-	-	-	-	-	-	-	-
Information and Communication Infrastructure		-	-	-	-	-	-	-	-	-
Infrastructure		48,677	47,736	31,238	59,122	59,122	59,122	24,555	25,660	27,470
Community Facilities		-	-	-	-	-	-	-	-	-
Sport and Recreation Facilities		-	-	-	-	-	-	-	-	-
Community Assets		-	-	-	-	-	-	-	-	-
Heritage Assets		-	-	-	-	-	-	-	-	-
Revenue Generating		-	-	-	-	-	-	-	-	-
Non-revenue Generating		-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Operational Buildings		1,825	-	-	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-
Other Assets		1,825	-	-	-	-	-	-	-	-
Biological or Cultivated Assets		-	-	-	-	-	-	-	-	-
Servitudes		-	-	-	-	-	-	-	-	-
Licences and Rights		-	-	-	-	-	-	-	-	-
Intangible Assets		-	-	-	-	-	-	-	-	-
Computer Equipment		-	-	-	-	-	-	-	-	-
Furniture and Office Equipment		-	-	-	-	-	-	-	-	-
Machinery and Equipment		-	-	-	-	-	-	-	-	-
Transport Assets		-	-	-	-	-	-	-	-	-
Land		-	-	-	-	-	-	-	-	-
Zoo's, Marine and Non-biological Animals		-	-	-	-	-	-	-	-	-

TOTAL CAPITAL EXPENDITURE - Asset class		50,503	47,736	31,238	59,122	59,122	59,122	24,555	25,660	27,470
ASSET REGISTER SUMMARY - PPE (WDV)	5	601,442	-	-	579,961	579,961	579,961	-	-	-
Roads Infrastructure		420,144			246,135	246,135	246,135			
Storm water Infrastructure					5,360	5,360	5,360			
Electrical Infrastructure					4,982	4,982	4,982			
Water Supply Infrastructure					147,594	147,594	147,594			
Sanitation Infrastructure					35,555	35,555	35,555			
Solid Waste Infrastructure										
Rail Infrastructure										
Coastal Infrastructure										
Information and Communication Infrastructure										
Infrastructure		420,144	-	-	439,625	439,625	439,625	-	-	-
Community Assets		21,579			16,217	16,217	16,217			
Heritage Assets		35,599								
Investment properties										
Other Assets		124,119			118,093	118,093	118,093			
Biological or Cultivated Assets										
Intangible Assets					-					
Computer Equipment										
Furniture and Office Equipment					1,753	1,753	1,753			
Machinery and Equipment					1,418	1,418	1,418			
Transport Assets					2,856	2,856	2,856			
Land										
Zoo's, Marine and Non-biological Animals										
TOTAL ASSET REGISTER SUMMARY - PPE (WDV)	5	601,442	-	-	579,961	579,961	579,961	-	-	-
EXPENDITURE OTHER ITEMS		59,623	71,133	21,805	69,666	69,666	69,666	80,217	84,307	88,627
Depreciation	7	42,451	45,442	-	45,004	45,004	45,004	46,229	48,680	51,261
Repairs and Maintenance by Asset Class	3	17,172	25,691	21,805	24,662	24,662	24,662	33,988	35,627	37,366
Roads Infrastructure		17,172	25,691	21,805	1,880	1,880	1,880	1,074	1,132	1,194
Storm water Infrastructure		-	-	-	-	-	-	-	-	-
Electrical Infrastructure		-	-	-	7,270	7,270	7,270	7,648	8,046	8,464
Water Supply Infrastructure		-	-	-	4,042	4,042	4,042	9,357	9,687	10,035
Sanitation Infrastructure		-	-	-	10,800	10,800	10,800	10,800	11,383	11,998
Solid Waste Infrastructure		-	-	-	335	335	335	335	353	372
Rail Infrastructure		-	-	-	-	-	-	-	-	-
Coastal Infrastructure		-	-	-	-	-	-	-	-	-
Information and Communication Infrastructure		-	-	-	-	-	-	-	-	-
Infrastructure		17,172	25,691	21,805	24,327	24,327	24,327	29,214	30,601	32,062
Community Facilities		-	-	-	-	-	-	69	73	77
Sport and Recreation Facilities		-	-	-	-	-	-	-	-	-
Community Assets		-	-	-	-	-	-	69	73	77
Heritage Assets		-	-	-	-	-	-	-	-	-
Revenue Generating		-	-	-	-	-	-	-	-	-
Non-revenue Generating		-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Operational Buildings		-	-	-	335	335	335	818	862	908
Housing		-	-	-	-	-	-	-	-	-
Other Assets		-	-	-	335	335	335	818	862	908
Biological or Cultivated Assets		-	-	-	-	-	-	-	-	-
Servitudes		-	-	-	-	-	-	-	-	-
Licences and Rights		-	-	-	-	-	-	-	-	-
Intangible Assets		-	-	-	-	-	-	-	-	-
Computer Equipment		-	-	-	-	-	-	2,000	2,108	2,222
Furniture and Office Equipment		-	-	-	-	-	-	182	192	202
Machinery and Equipment		-	-	-	-	-	-	141	143	157
Transport Assets		-	-	-	-	-	-	1,564	1,649	1,738
Land		-	-	-	-	-	-	-	-	-
Zoo's, Marine and Non-biological Animals		-	-	-	-	-	-	-	-	-
TOTAL EXPENDITURE OTHER ITEMS		59,623	71,133	21,805	69,666	69,666	69,666	80,217	84,307	88,627
Renewal and upgrading of Existing Assets as % of total capex		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Renewal and upgrading of Existing Assets as % of deprecn		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
R&M as a % of PPE		3.0%	4.7%	3.8%	3.9%	3.9%	3.9%	6.2%	5.6%	5.5%
Renewal and upgrading and R&M as a % of PPE		3.0%	0.0%	0.0%	4.0%	4.0%	4.0%	0.0%	0.0%	0.0%

Explanatory notes to Table A9 - Asset Management

1. Table A9 provides an overview of municipal capital allocations to building new assets and the renewal/upgrading of existing assets, as well as spending on repairs and maintenance by asset class.
2. The following graph provides an analysis between depreciation and operational repairs and maintenance over the MTREF.

Table 26 MBRR Table A10 - Basic Service Delivery Measurement

Description	Ref	2015/16	2016/17	2017/18	Current Year 2018/19			2019/20 Medium Term Revenue & Expenditure Framework		
		Outcome	Outcome	Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
Household service targets	1									
Water:										
Piped water inside dwelling		11,637	13,000	12,200	14,200	14,200	14,200	5,203	5,203	5,203
Piped water inside yard (but not in dwelling)		5,907	8,000	-	-	-	-	10,709	10,709	10,709
Using public tap (at least min.service level)	2	2,348	3,000	3,500	3,500	3,500	3,500	1,450	1,450	1,450
Other water supply (at least min.service level)	4	-	200	250	250	250	250	1,422	1,422	1,422
<i>Minimum Service Level and Above sub-total</i>		19,892	24,200	15,950	17,950	17,950	17,950	18,784	18,784	18,784
Using public tap (< min.service level)	3	1,886	3,000	3,000	3,500	3,500	3,500	-	-	-
Other water supply (< min.service level)	4	-	200	250	200	200	200	-	-	-
No water supply		1,458	-	-	-	-	-	-	-	-
<i>Below Minimum Service Level sub-total</i>		3,344	3,200	3,250	3,700	3,700	3,700	-	-	-
Total number of households	5	23,236	27,400	19,200	21,650	21,650	21,650	18,784	18,784	18,784
Sanitation/sewerage:										
Flush toilet (connected to sewerage)		10,130	13,000	13,000	13,000	13,000	13,000	11,742	11,742	11,742
Flush toilet (with septic tank)		1,032	1,000	1,000	1,000	1,000	1,000	-	-	-
Chemical toilet		37	-	-	-	-	-	5,217	5,217	5,217
Pit toilet (ventilated)		915	1,000	1,000	1,000	1,000	1,000	-	-	-
Other toilet provisions (> min.service level)		2,622	4,000	-	-	-	-	1,828	1,828	1,828
<i>Minimum Service Level and Above sub-total</i>		14,736	19,000	15,000	15,000	15,000	15,000	18,787	18,787	18,787
Bucket toilet		-	-	-	-	-	-	-	-	-
Other toilet provisions (< min.service level)		-	-	-	-	-	-	-	-	-
No toilet provisions		-	-	-	-	-	-	-	-	-
<i>Below Minimum Service Level sub-total</i>		-	-	-	-	-	-	-	-	-
Total number of households	5	14,736	19,000	15,000	15,000	15,000	15,000	18,787	18,787	18,787
Energy:										
Electricity (at least min.service level)		7,130	3,200	3,800	-	-	-	-	-	-
Electricity - prepaid (min.service level)		-	-	-	3,800	3,800	3,800	16,345	16,345	16,345
<i>Minimum Service Level and Above sub-total</i>		7,130	3,200	3,800	3,800	3,800	3,800	16,345	16,345	16,345
Electricity (< min.service level)		7,130	3,200	3,800	3,800	3,800	3,800	-	-	-
Electricity - prepaid (< min. service level)		-	-	-	-	-	-	-	-	-
Other energy sources		-	-	-	-	-	-	-	-	-
<i>Below Minimum Service Level sub-total</i>		7,130	3,200	3,800	3,800	3,800	3,800	-	-	-
Total number of households	5	14,260	6,400	7,600	7,600	7,600	7,600	16,345	16,345	16,345
Refuse:										
Removed at least once a week		4,999	4,999	4,999	4,999	4,999	4,999	5,166	5,166	5,166
<i>Minimum Service Level and Above sub-total</i>		4,999	4,999	4,999	4,999	4,999	4,999	5,166	5,166	5,166
Removed less frequently than once a week		66	66	66	66	66	66	9,897	9,897	9,897
Using communal refuse dump		302	302	302	302	302	302	2,821	2,821	2,821
Using own refuse dump		4,525	4,525	4,525	4,525	4,525	4,525	103	103	103
Other rubbish disposal		8	8	8	8	8	8	800	800	800
No rubbish disposal		1,424	1,424	1,424	1,424	1,424	1,424	-	-	-
<i>Below Minimum Service Level sub-total</i>		6,325	6,325	6,325	6,325	6,325	6,325	13,621	13,621	13,621
Total number of households	5	11,324	11,324	11,324	11,324	11,324	11,324	18,787	18,787	18,787
Households receiving Free Basic Service	7									
Water (6 kilolitres per household per month)		-	-	-	7,500	7,500	7,500	7,500	7,500	7,500
Sanitation (free minimum level service)		-	-	-	7,500	7,500	7,500	7,500	7,500	7,500
Electricity/other energy (50kwh per household per month)		-	-	-	7,500	7,500	7,500	7,500	7,500	7,500
Refuse (removed at least once a week)		-	-	-	7,500	7,500	7,500	7,500	7,500	7,500
Cost of Free Basic Services provided - Formal Settlements (R'000)	8									
Water (6 kilolitres per indigent household per month)		-	-	-	1,998	1,998	1,998	2,102	2,211	2,326
Sanitation (free sanitation service to indigent households)		-	-	-	1,877	1,877	1,877	1,974	2,081	2,193
Electricity/other energy (50kwh per indigent household per month)		-	-	-	1,681	1,681	1,681	1,768	1,860	1,957
Refuse (removed once a week for indigent households)		-	-	-	903	903	903	950	1,001	1,055
Cost of Free Basic Services provided - Informal Formal Settlements (R'000)		-	-	-	-	-	-	-	-	-
Total cost of FBS provided		-	-	-	6,459	6,459	6,459	6,794	7,154	7,532
Highest level of free service provided per household										
Property rates (R value threshold)		220,000	220,000	220,000	220,000	220,000	220,000	220,000	220,000	220,000
Water (kilolitres per household per month)		6	6	6	6	6	6	6	6	6
Sanitation (kilolitres per household per month)		4	4	4	4	4	4	4	4	4
Sanitation (Rand per household per month)		22	22	22	22	22	22	22	22	22
Electricity (kwh per household per month)		50	50	50	50	50	50	50	50	50
Refuse (average litres per week)		150	150	150	150	150	150	150	150	150
Revenue cost of subsidised services provided (R'000)	9									
Property rates (tariff adjustment) (impermissable values per section 17 of MPRA)		-	-	-	-	-	-	-	-	-
Property rates exemptions, reductions and rebates and impermissable values in excess of section 17 of MPRA		-	-	-	650	650	650	686	723	762
Water (in excess of 6 kilolitres per indigent household per month)		-	-	-	2,300	2,300	2,300	2,300	2,300	2,300
Sanitation (in excess of free sanitation service to indigent households)		-	-	-	2,200	2,200	2,200	2,200	2,200	2,200
Electricity/other energy (in excess of 50 kwh per indigent household per month)		-	-	-	2,000	2,000	2,000	2,000	2,000	2,000
Refuse (in excess of one removal a week for indigent households)		-	-	-	1,100	1,100	1,100	1,100	1,100	1,100
Municipal Housing - rental rebates		-	-	-	-	-	-	-	-	-
Housing - top structure subsidies		-	-	-	-	-	-	-	-	-
Other		-	-	-	-	-	-	-	-	-
Total revenue cost of subsidised services provided	6	-	-	-	8,250	8,250	8,250	8,286	8,323	8,362

Explanatory notes to Table A10 - Basic Service Delivery Measurement

1. Table A10 provides an overview of service delivery levels, including backlogs (below minimum service level), for each of the main services.
2. Good progress is being made with the eradication of current services backlogs. Housing remains a challenge. a. Electricity services – the current backlog has provisionally been eliminated.
3. The budget provides for 7 500 households to be registered as indigent in 2019/20, and therefore entitled to receiving Free Basic Services. The number is set to increase over the MTREF, especially by poor people seeking economic opportunities.
4. It is anticipated that the cost of these Free Basic Services will amount to R6,9 million in 2019/20. This is covered by the municipality's equitable share allocation from national government.
5. In addition to the Free Basic Services, other rates rebates also apply to households.

Part 2 – Supporting Documentation

2.1 Overview of the annual budget process

Section 53 of the MFMA requires the Mayor of the municipality to provide general political guidance in the budget process and the setting of priorities that must guide the preparation of the budget. In addition, Chapter 2 of the Municipal Budget and Reporting Regulations states that the Mayor of the municipality must establish a Budget Steering Committee to provide technical assistance to the Mayor in discharging the responsibilities set out in section 53 of the Act.

The Budget Steering Committee consists of the Full-time Councillors, Municipal Manager and senior officials of the municipality meeting under the chairpersonship of the MMC for Finance.

The primary aims of the Budget Steering Committee are to ensure:

- ✚ that the process followed to compile the budget complies with legislation and good budget practices;
- ✚ that there is proper alignment between the policy and service delivery priorities set out in the Municipality's IDP and the budget, taking into account the need to protect the financial sustainability of municipality;
- ✚ that the municipality's revenue and tariff setting strategies ensure that the cash resources needed to deliver services are available; and
- ✚ that the various spending priorities of the different municipal departments are properly evaluated and prioritised in the allocation of resources.

2.1.1 Budget Process Overview

In terms of section 21 of the MFMA the Mayor is required to table in Council ten months before the start of the new financial year (i.e. in August 2018) a time schedule that sets out the process to prepare the IDP and prepare the budget.

The Mayor tabled in Council the required IDP and budget time schedule on 30 August 2018. Key dates applicable to the process were:

- ✚ **July 2018** – Budget Office submits current 3 year Capital Budget to the Strategic Office.
- ✚ **August 2018** – Ward Committee meetings to review current needs on the wish list;

- ✚ September 2018 – Mayoral strategic session with Councillors and Senior Management to determine Strategic direction for the 2019/2020 IDP review;
- ✚ **September/October 2018** – Extensive public participation IDP consultation sessions were held in each of the thirteen wards, which included members of the public, the ward committees and other broader stakeholders (service organisations, etc.), to provide feedback on IDP delivery gather information on the “community needs” per ward;
- ✚ **October 2018** – Top management meeting to discuss budget proposals and affordability;
- ✚ **October/December 2018** – Various Budget Steering Committee and Management meetings relating to draft Capex and Opex budgets;
- ✚ **November 2018** – Submission of tariff proposals and tariff workshops;
- ✚ **November 2018** – Workshop on tariffs and tariff related policies;
- ✚ **November/December 2018** – Review of all budget related policies;
- ✚ **December 2018** – Mid-year review by the BSC of the 2018/2019 progress
- ✚ **January 2019** – Tariff finalisation, consider budget related policies changes and overview of draft 2018/2019 Capex & Opex;
- ✚ **24 January 2018** - Council considered the 2018/2019 Mid-year Review;
- ✚ **30 January 2018** – Final tariffs and adjustments budget review;
- ✚ **5 February 2019** - Review/finalises draft Capex/Opex;
- ✚ **6-20 February 2019** – Finalisation of adjustments budget;
- ✚ **12 February 2019** – Finalise Draft Capex & Opex;
- ✚ **20 February 2019** – Consultation & Budget Proposals;
- ✚ **March 2018** – Budget office finalises budget report;
- ✚ **28 March 2019** - Tabling in Council of the draft 2019/20 IDP, SDBIP and 2019/20 MTREF for public consultation;
- ✚ **29 March – 30 April 2019** – Draft Budget available to the public and any other stakeholders for perusal and the submission of comments and representations;
- ✚ **3-26 April 2018** – Public consultation – Public meetings to be held in all eight wards in the municipal area to present the draft budget to the community;
- ✚ **30 April 2018** - Closing date for written comments;
- ✚ **May 2019** – LG engagement;
- ✚ **4 May 2019** – Considers all comments received and amendments to the Draft Budget;
- ✚ **5-17 May 2019** – finalisation of the 2019/20 IDP and 2019/20 MTREF, taking into consideration comments received from the public, comments from NT & PT and updated information from the most recent DoRA and financial framework;
- ✚ **5-17 May 2019** – Budget Office compiles final report and schedules;
- ✚ **7-17 May 2019** – Final review of budget report and schedules;
- ✚ **24 May 2019** – Final budget distribution; and

 **30 May 2019** - Tabling of the 2019/20 MTREF in Council for consideration and approval.

2.1.2 IDP and Service Delivery and Budget Implementation Plan

This is the first review of the latest new generation IDP (2018/2022) to be considered and adopted by Council in May 2019. The draft IDP process started in September 2018 after the tabling of the IDP Process Plan and the Budget Time Schedule for the 2019/20 MTREF in August 2018.

The Municipality's IDP is its principal strategic planning instrument, which directly guides and informs its planning, budget, management and development actions. This framework is rolled out into objectives, key performance indicators and targets for implementation which directly inform the Service Delivery and Budget Implementation Plan. The Process Plan applicable to the Draft IDP cycle included the following key IDP processes and deliverables:

-  Registration of community needs;
-  Compilation of departmental business plans with key performance indicators and targets;
-  Financial planning and budgeting process;
-  Public participation process;
-  Compilation of the SDBIP, and
-  The review of the performance management and monitoring processes.

The IDP will be taken into a business and financial planning process leading up to the 2019/20 MTREF, based on the approved 2018/2019 MTREF, mid-year review and adjustments budget. The business planning process was subsequently refined in the light of current economic circumstances and the resulting revenue projections.

With the compilation of the 2019/20 MTREF, each department/function had to review the business planning process, including the setting of priorities and targets after reviewing the mid-year and third quarter performance against the 2018/2019 Departmental Service Delivery and Budget Implementation Plan. Business planning links back to priority needs and master planning, and essentially informed the detail operating budget appropriations and three-year capital programme.

2.1.3 Financial Modelling and Key Planning Drivers

Strategic objectives of the compilation of the 2019/20 MTREF include the undertaking of extensive financial modelling to ensure affordability and long-term financial sustainability. The following key factors and planning strategies have informed the compilation of the 2019/20 MTREF:

- ✚ Municipality growth
- ✚ Policy priorities and strategic objectives
- ✚ Asset maintenance
- ✚ Economic climate (trends, inflation, Eskom increases, household debt, migration patterns)
- ✚ Performance trends
- ✚ The approved 2018/2019 adjustments budget and performance against the SDBIP
- ✚ Cash Flow Management Strategy
- ✚ Debtor payment levels
- ✚ Loan and investment possibilities
- ✚ The need for tariff increases versus the ability of the community to pay for services;
- ✚ Improved and sustainable service delivery

In addition to the above, the strategic guidance given in National Treasury's MFMA Circulars 93 & 94 were taken into consideration in the planning and prioritisation process.

Cost containment has already been implemented across the organisation over the past three years.

2.1.4 Community Consultation on the Draft Budget

The draft 2019/20 MTREF, will be tabled in Council on 28 March 2019 and will be made available to the community as follows:

Copies of the document can be viewed:

- ✚ At the offices of all Satellite offices
- ✚ All public libraries within the municipality
- ✚ At the website: www.Kgetlengrivier.gov.za

The tabling of the draft budget will be advertised in all local newspapers and a copy of the advertisement will be placed on the notice boards at municipal offices and libraries. All documents in the appropriate format (electronic and printed) will be provided to National Treasury and Provincial Treasury in accordance with section 23 of the MFMA, to provide an opportunity for comment.

A delegation of the municipality, consisting of the Mayor, Chairperson for Finance, other full time Councillors, Municipal Manager and Area Managers,

all Directors and officials from the Budget Office and Strategic Planning Office, will hold public meetings for all the wards in the municipal area to present the draft budget to the community. Eight public meetings will be held in the period from 3 – 26 April 2019.

Submissions received during the community consultation process and additional information regarding revenue and expenditure and capital projects will be considered by the Budget Steering Committee at a meeting to be held on 4 May 2019 for the finalisation of the 2019/2020 Budget.

Comments from the community and the municipality's responses thereto will be included as an Annexure to the final report.

2.2 Overview of alignment of annual budget with IDP

The Constitution mandates local government with the responsibility to exercise local developmental and cooperative governance. The eradication of imbalances in South African society can only be realised through a credible integrated developmental planning process. Municipalities in South Africa need to utilise integrated development planning as a method to plan future development in their areas and so find the best solutions to achieve sound long-term development goals. A municipal IDP provides a five year strategic programme of action aimed at setting short, medium and long term strategic and budget priorities to create a development platform, which correlates with the term of office of the political incumbents. The plan aligns the resources and the capacity of a municipality to its overall development aims and guides the municipal budget. An IDP is therefore a key instrument which municipalities use to provide vision, leadership and direction to all those that have a role to play in the development of a municipal area. The IDP enables municipalities to make the best use of scarce resources and speed up service delivery. Integrated developmental planning in the South African context is amongst others, an approach to planning aimed at involving the municipality and the community to jointly find the best solutions towards sustainable development. Furthermore, integrated development planning provides a strategic environment for managing and guiding all planning, development and decision making in the municipality. It is important that the IDP developed by municipalities correlate with National and Provincial intent. It must aim to co-ordinate the work of local and other spheres of government in a coherent plan to improve the quality of life for all the people living in that area. Applied to the Municipality, issues of national and provincial importance should be reflected in the IDP of the municipality. A clear understanding of such intent is therefore imperative to ensure that the Municipality strategically complies with the key national and provincial priorities. The aim of this new five year IDP cycle is to develop and coordinate a coherent plan to improve the quality of life for all the people living in the area, also reflecting issues of national and provincial importance. One of the

key objectives is therefore to ensure that there exists alignment between national and provincial priorities, policies and strategies and the Municipality's response to these requirements.

The national and provincial priorities, policies and strategies of importance include amongst others:

- ✚ Green Paper on National Strategic Planning of 2009;
- ✚ Government Programme of Action;
- ✚ Development Facilitation Act of 1995;
- ✚ Provincial Growth and Development Strategy (GGDS);
- ✚ National and Provincial spatial development perspectives;
- ✚ Relevant sector plans such as transportation, legislation and policy;
- ✚ National Key Performance Indicators (NKPIs);
- ✚ Accelerated and Shared Growth Initiative (ASGISA);
- ✚ National 2015 Vision;
- ✚ National Spatial Development Perspective (NSDP);
- ✚ The National Priority Outcomes; and
- ✚ National Development Plan

The Constitution requires local government to relate its management, budgeting and planning functions to its objectives. This gives a clear indication of the intended purposes of municipal integrated development planning. Legislation stipulates clearly that a municipality must not only give effect to its IDP, but must also conduct its affairs in a manner which is consistent with its IDP.

IDP Strategic Objectives

✚ The provision of democratic, accountable and ethical governance
✚ The provision and maintenance of municipal services
✚ The encouragement of structured community participation in the matters of the municipality
✚ The creation and maintenance of a safe and healthy environment
✚ The promotion of tourism, economic and social development

In order to ensure integrated and focused service delivery between all spheres of government it was important for the Municipality to align its budget priorities with that of national and provincial government. All spheres of government place a high priority on infrastructure development, economic development and job creation, efficient service delivery, poverty alleviation and building sound institutional arrangements.

Local priorities were identified as part of the IDP review process which is directly aligned to that of the national and provincial priorities. The key performance areas can be summarised as follows against the five strategic objectives:

Provision of quality basic services and infrastructure which includes, amongst others:

- ✚ Provide electricity;
- ✚ Provide water;
- ✚ Provide sanitation;
- ✚ Provide waste removal;
- ✚ Provide housing;
- ✚ Provide roads and storm water;
- ✚ Provide municipality planning services; and
- ✚ Maintaining the infrastructure of the Municipality.

Economic growth and development that leads to sustainable job creation by:

- ✚ Ensuring there is a clear structural plan for the Municipality;
- ✚ Ensuring planning processes function in accordance with set timeframes;
- ✚ Facilitating the use of labour-intensive approaches in the delivery of services and the building of infrastructure.

Fight poverty and build clean, healthy, safe and sustainable communities:

- ✚ Effective implementation of the Indigent Policy;
- ✚ Extending waste removal services and ensuring effective municipality cleansing;
- ✚ Ensuring all waste water treatment works are operating optimally;
- ✚ Working with strategic partners such as SAPS to address crime;
- ✚ Ensuring safe working environments by effective enforcement of building and health regulations;
- ✚ Promote viable, sustainable communities through proper zoning; and
- ✚ Promote environmental sustainability by protecting wetlands and key open spaces.

Integrated Social Services for empowered and sustainable communities

- ✚ Work with provincial departments to ensure the development of community infrastructure such as schools and clinics is properly co-ordinated with the informal settlements upgrade programme

Foster participatory democracy and Batho Pele principles through a caring, accessible and accountable service by:

- ✚ Optimising effective community participation in the ward committee system; and
- ✚ Implementing Batho Pele in the revenue management strategy.

Promote sound governance through:

- ✚ Publishing the outcomes of all tender processes on the municipal website

Ensure financial sustainability through:

- ✚ Reviewing the use of contracted services o Continuing to implement the infrastructure maintenance strategy and the repairs and maintenance plan

Optimal institutional transformation to ensure capacity to achieve set objectives

- ✚ Review of the organisational structure to optimize the use of personnel;

In line with the MSA, the IDP constitutes a single, inclusive strategic plan for the Municipality. The five-year programme responds to the development challenges and opportunities faced by the Municipality by identifying the key performance areas to achieve the five the strategic objectives mentioned above.

In addition to the five-year IDP, the Municipality undertakes an extensive planning and developmental strategy which primarily focuses on a longer-term; 10 to 15 years for infrastructure planning. This process is aimed at influencing the development path to restructure current patterns of settlement, activity and access to resources in the Municipality so as to promote greater equity and enhanced opportunity. It provides direction to the Municipality's IDP, associated sectorial plans and strategies, and the allocation of resources of the Municipality and other service delivery partners.

This development strategy introduces important policy shifts which have further been translated into six strategic focus areas/objectives as outlined below:

- ✚ Developing dormant areas;
- ✚ Enforcing hard development lines – so as to direct private investment;
- ✚ Strengthening key economic clusters;
- ✚ Building social cohesion;
- ✚ Strong developmental initiatives in relation to the municipal institution as a whole; and
- ✚ Sound financial fundamentals.

Lessons learned with previous IDP revision and planning cycles as well as changing environments were taken into consideration in the compilation of the new IDP of the 2018/2022 cycle, including:

- ✚ Strengthening the analysis and strategic planning processes of the Municipality;
- ✚ Initiating planning processes that involve the communities in the analysis and planning processes. More emphasis was placed on area based interventions, within the overall holistic framework;
- ✚ Ensuring better coordination through a programmatic approach and attempting to focus the budgeting process through planning interventions; and
- ✚ Strengthening performance management and monitoring systems in ensuring the objectives and deliverables are achieved.

The 2019/20 MTREF has therefore been directly informed by the 2nd review of the 2018/2022 IDP process and the following tables provide a reconciliation between the IDP strategic objectives and operating revenue, operating expenditure and capital expenditure.

Table 28 MBRR Table SA4 - Reconciliation between the IDP strategic objectives and budgeted revenue

Strategic Objective	Goal	Goal Code	Ref	2015/16	2016/17	2017/18	Current Year 2018/19			2019/20 Medium Term Revenue & Expenditure Framework		
				Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
R thousand												
Good Governance and Public Participation	Sustainable service delivery			57,478	101,986	113,513	81,506	81,506	81,506	77,635	82,203	87,043
Administration and Management	Sustainable service delivery			1,881			4,675	4,675	4,675	43,235	45,763	48,439
Financial Viability	Sustainable service delivery			23,560	23,862	22,859	39,546	39,546	39,546	34,400	36,440	38,603
Libraries and Archives	Access to libraries			524	-	-	3	3	3	-	-	-
Disaster Management	Interventions during emergencies			-	-	-	20	20	20	-	-	-
Community halls and Facilities	Access to halls and social facilities			1,878	-	-	205	205	205	1,648	197	207
Cemeteries	Burial services			-	-	-	153	153	153	-	-	-
Corporates	LED and Planning			-	-	-	-	-	-	-	-	-
Road and Stormwater				21,259	-	-	11,770	11,770	11,770	-	-	-
Sport and recreation	Access to recreational facilities			-	-	-	3	3	3	3	3	3
Planning and development	Sustainable service delivery			-	-	-	1,159	1,159	1,159	189	200	210
Roads and Traffic Management	Trafficable and safe roads			29,814	39,364	38,166	44,250	44,250	44,250	1,292	1,355	1,446
Electricity	Access to basic electricity			32,848	25,833	24,355	45,846	45,846	45,846	53,100	55,870	58,783
Water Provision	Access to portable water			5,484	4,919	1,357	58,817	58,817	58,817	38,938	37,032	42,174
Sewer Treatment and Sanitation	Access to decent and acceptable sanitation			3,360	3,628	3,003	6,499	6,499	6,499	14,684	15,543	16,454
Solid Waste and removal	Clean and safe environment			2,852	2,195	2,297	4,199	4,199	4,199	4,243	4,505	4,785
Allocations to other priorities				2								
Total Revenue (excluding capital transfers and contributions)			1	180,939	201,787	205,549	298,651	298,651	298,651	269,367	279,111	298,148

Table 29 MBRR Table SA5 - Reconciliation between the IDP strategic objectives and budgeted operating expenditure

Strategic Objective	Goal	Goal Code	Ref	2015/16	2016/17	2017/18	Current Year 2018/19			2019/20 Medium Term Revenue & Expenditure Framework			
				Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22	
R thousand													
Good Governance and Public Administration and Management	Sustainable service delivery			50,155	113,739	139,507	42,952	42,952	42,952	43,235	45,763	48,439	
Financial Viability	Sustainable service delivery			65,880	43,589	785	16,834	16,834	16,834	17,087	18,080	19,131	
Institutional Development and Road and Stormwater	Sustainable service delivery			69,613	31,325	20,547	19,403	19,403	19,403	17,312	18,360	19,472	
Sport and recreation	Access to recreational facilities			-	-	-	3,058	3,058	3,058	3,244	3,457	3,683	
Planning and development	Sustainable service delivery			-	-	-	23,216	23,216	23,216	26,211	27,695	29,263	
Roads and Traffic Management	Trafficable and safe roads			-	-	-	2,339	2,339	2,339	2,489	2,653	2,829	
Electricity	Access to basic electricity			-	-	-	5,881	5,881	5,881	3,945	4,170	4,409	
Water Provision	Access to portable water			-	-	-	10,901	10,901	10,901	10,325	10,968	11,650	
Sewer Treatment and Sanitation	Access to decent and acceptable			28,380	30,472	27,326	56,505	56,505	56,505	53,100	55,870	58,783	
Refuse Removal	Access to decent and acceptable			1,529	957	1,635	25,627	25,627	25,627	25,005	28,456	29,986	
				-	-	-	18,251	18,251	18,251	14,684	15,543	16,454	
				-	-	-	4,027	4,027	4,027	4,243	4,505	4,785	
Allocations to other priorities													
Total Expenditure				1	215,557	220,082	189,800	228,993	228,993	228,993	220,881	235,520	248,884

Table 30 MBRR Table SA6 - Reconciliation between the IDP strategic objectives and budgeted capital expenditure

NW374 Kgetlengrivier - Supporting Table SA6 Reconciliation of IDP strategic objectives and budget (capital expenditure)

Strategic Objective	Goal	Goal Code	Ref	2015/16	2016/17	2017/18	Current Year 2018/19			2019/20 Medium Term Revenue & Expenditure Framework		
				Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
R thousand												
Institutional Development and Cemeteries	Sustainable service delivery	A		1,825	2,913	655	-	-	-	-	-	-
	Burial services	B		-	-	-	-	-	-	-	-	-
Roads & Stormwater	Access to roads	C		48,677	44,822	30,583	10,500	10,500	10,500	-	-	-
Electricity	Access to basic electricity	D		-	-	-	-	-	-	-	-	-
Water Provision	Access to portable water	E		-	-	-	48,622	48,622	48,622	24,555	25,660	27,470
Sewer Treatment and Sanitation	Access to decent and acceptable	F		-	-	-	-	-	-	-	-	-
Solid Waste and removal	Clean and safe environment	G		-	-	-	-	-	-	-	-	-
Allocations to other priorities			3									
Total Capital Expenditure			1	50,503	47,736	31,238	59,122	59,122	59,122	24,555	25,660	27,470

2.3 Measurable performance objectives and indicators

Performance Management is a system intended to manage and monitor service delivery progress against the identified strategic objectives and priorities. In accordance with legislative requirements and good business practices as informed by the National Framework for Managing Programme Performance Information, the Municipality has developed and implemented a performance management system of which system is constantly refined as the integrated planning process unfolds. The Municipality does targets,

monitor, assess and review organisational performance which in turn is directly linked to individual employee's performance.

At any given time within government, information from multiple years is being considered; plans and budgets for next year; implementation for the current year; and reporting on last year's performance. Although performance information is reported publicly at each quarter, the performance information process begins when policies are being developed, and continues through each of the planning, budgeting, implementation and reporting stages. The planning, budgeting and reporting cycle can be graphically illustrated as follows:

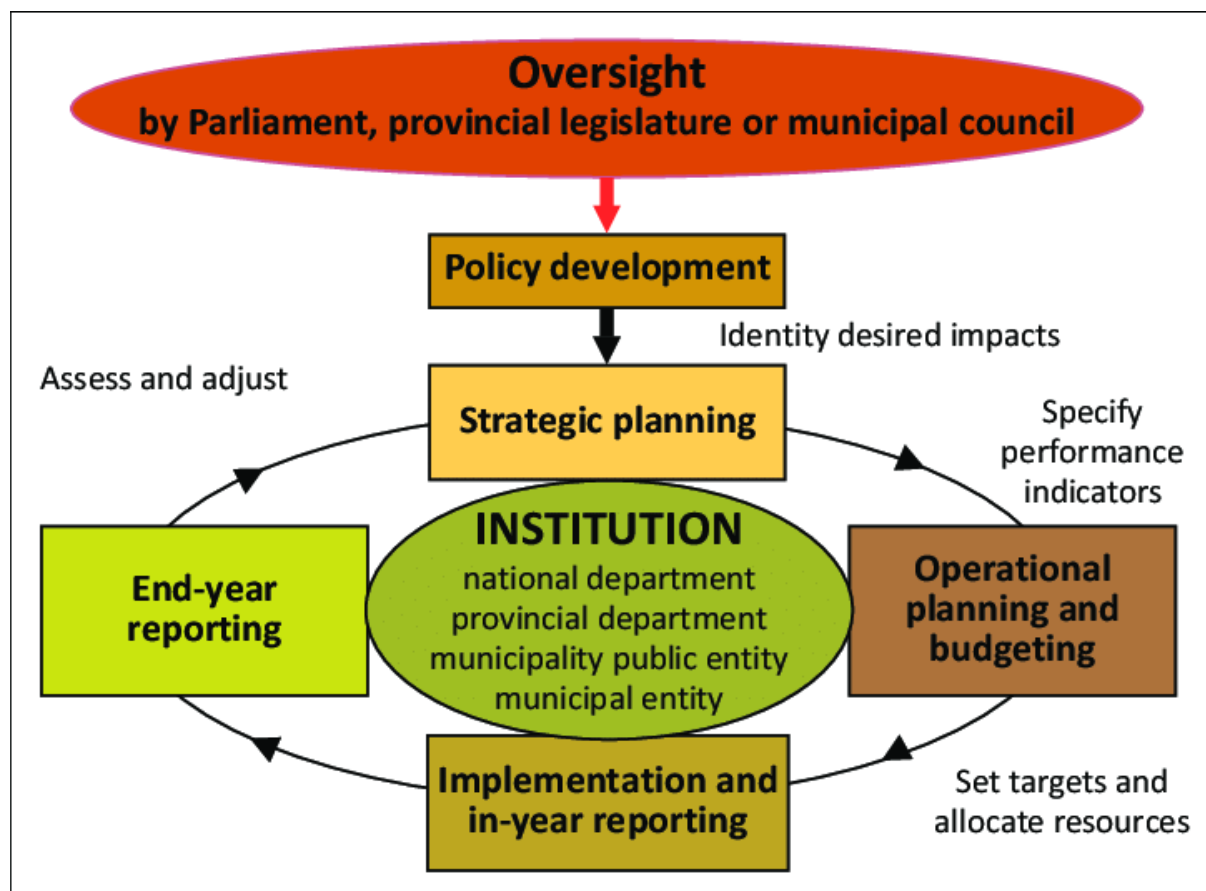


Figure 5: Planning, budgeting and reporting cycle

The performance of the Municipality relates directly to the extent to which it has achieved success in realising its goals and objectives, complied with legislative requirements and meeting stakeholder expectations. The Municipality therefore has adopted one integrated performance management system which encompasses:

- ✚ Planning (setting goals, objectives, targets and benchmarks);

- ✚ Monitoring (regular monitoring and checking on the progress against plan);
- ✚ Measurement (indicators of success);
- ✚ Review (identifying areas requiring change and improvement);
- ✚ Reporting (what information, to whom, from whom, how often and for what purpose); and
- ✚ Improvement (making changes where necessary).

The performance information concepts used by the Municipality in its integrated performance management system are aligned to the **Framework of Managing Programme Performance** Information issued by the National Treasury:

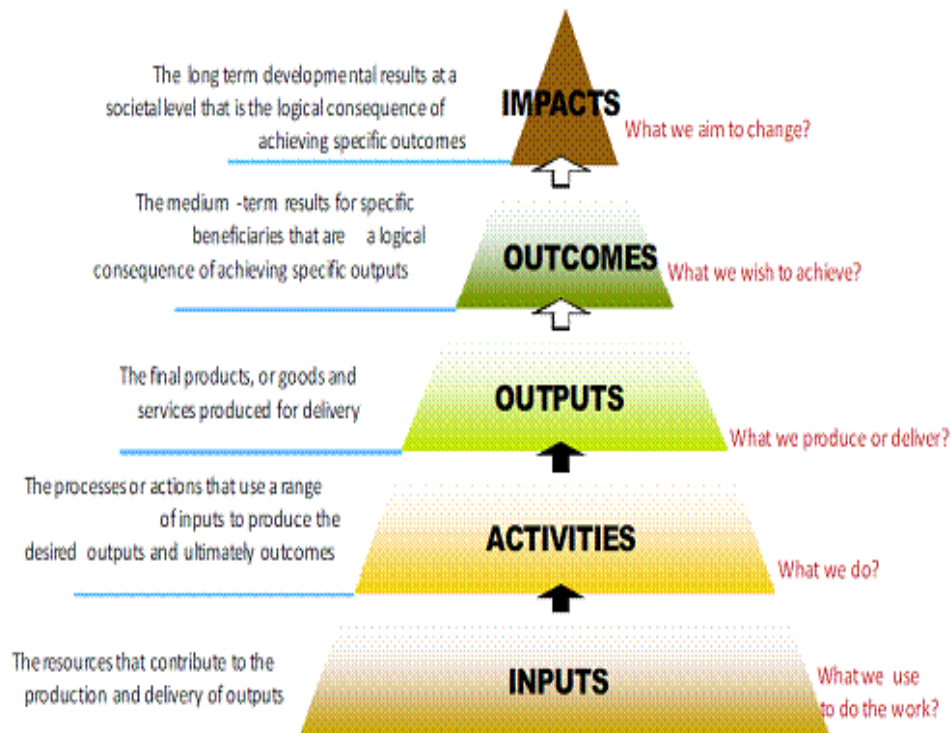


Figure 6 Definition of performance information concepts

The following table provides the main measurable performance objectives the municipality undertakes to achieve this financial year.

Table 31 MBRR Table SA7 - Measurable performance objectives

Description	Unit of measurement	2015/16	2016/17	2017/18	Current Year 2018/19			2019/20 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
Technical Service										
Function - Water										
Water					62.0%					
Provision of water	kilo liters									
Sanitation										
Maintenance of sanitation infrastructure	meters				64.0%					
Electricity										
Access to electricity	meters				100.0%					
Roads & Storm water										
Function - Roads										
Eradication of backlogs					80.0%					
Reduce roads backlogs	kilometers									
Sub-function 2 - (name)										
Insert measure/s description										
Sub-function 3 - (name)										
Insert measure/s description										
Vote 2 - vote name										
Function 1 - (name)										
Sub-function 1 - (name)										
Insert measure/s description										
Sub-function 2 - (name)										
Insert measure/s description										
Sub-function 3 - (name)										
Insert measure/s description										
Function 2 - (name)										
Sub-function 1 - (name)										
Insert measure/s description										
Sub-function 2 - (name)										
Insert measure/s description										
Sub-function 3 - (name)										
Insert measure/s description										
Vote 3 - vote name										
Function 1 - (name)										
Sub-function 1 - (name)										
Insert measure/s description										
Sub-function 2 - (name)										
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Sub-function 3 - (name)										
Insert measure/s description										
Function 2 - (name)										
Sub-function 1 - (name)										
Insert measure/s description										
Sub-function 2 - (name)										
Insert measure/s description										
Sub-function 3 - (name)										
Insert measure/s description										
And so on for the rest of the Votes										

The following table sets out the municipality's main performance objectives and benchmarks for the 2019/20 MTREF.

Table 32 MBRR Table SA8 - Performance indicators and benchmarks

Description of financial indicator	Basis of calculation	2015/16	2016/17	2017/18	Current Year 2018/19				2019/20 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
Borrowing Management											
Credit Rating											
Capital Charges to Operating Expenditure	Interest & Principal Paid /Operating Expenditure	2.8%	1.8%	2.3%	0.4%	0.4%	0.4%	0.4%	0.7%	0.7%	0.7%
Capital Charges to Own Revenue	Finance charges & Repayment of borrowing /Own Revenue	6.6%	3.9%	4.7%	0.7%	0.7%	0.7%	0.7%	1.1%	1.1%	1.1%
Borrowed funding of 'own' capital expenditure	Borrowing/Capital expenditure excl. transfers and grants and contributions	265.9%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Safety of Capital											
Gearing	Long Term Borrowing/ Funds & Reserves	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Liquidity											
Current Ratio	Current assets/current liabilities	0.7	0.7	0.7	1.4	1.4	1.4	1.4	1.9	2.0	2.5
Current Ratio adjusted for aged debtors	Current assets less debtors > 90 days/current liabilities	0.7	0.7	0.7	1.4	1.4	1.4	1.4	1.9	2.0	2.5
Liquidity Ratio	Monetary Assets/Current Liabilities	0.0	0.0	(0.0)	0.3	0.3	0.3	0.3	0.0	0.1	0.1
Revenue Management											
Annual Debtors Collection Rate (Payment Level %)	Last 12 Mths Receipts/Last 12 Mths Billing		3.8%	76.8%	78.2%	75.3%	75.3%	75.3%	75.3%	72.9%	100.0%
Current Debtors Collection Rate (Cash receipts % of Ratepayer & Other revenue)		3.8%	76.8%	78.2%	75.3%	75.3%	75.3%	75.3%	72.9%	100.0%	64.0%
Outstanding Debtors to Revenue	Total Outstanding Debtors to Annual Revenue	26.8%	36.9%	39.8%	31.1%	31.1%	31.1%	31.1%	72.7%	72.1%	67.6%
Longstanding Debtors Recovered	Debtors > 12 Mths Recovered/Total Debtors > 12 Months Old										
Creditors Management											
Creditors System Efficiency	% of Creditors Paid Within Terms (within MFMA' s 65(e))										
Creditors to Cash and Investments		0.0%	22505.3%	-1755.7%	317.7%	526.9%	526.9%	526.9%	153.2%	52.3%	24.0%
Other Indicators											
Electricity Distribution Losses (2)	Total Volume Losses (kW)										
	Total Cost of Losses (Rand '000)										
	% Volume (units purchased and generated less units sold)/units purchased and generated										
Water Distribution Losses (2)	Total Volume Losses (kl)										
	Total Cost of Losses (Rand '000)										
	% Volume (units purchased and generated less units sold)/units purchased and generated										
Employee costs	Employee costs/(Total Revenue - capital revenue)	28.3%	23.1%	26.9%	21.2%	21.2%	21.2%	21.2%	23.0%	23.7%	23.6%
Remuneration	Total remuneration/(Total Revenue - capital revenue)	31.4%	24.9%	25.7%	23.5%	23.5%	23.5%		0.0%	0.0%	0.0%
Repairs & Maintenance	R&M/(Total Revenue excluding capital revenue)	10.8%	12.7%	10.6%	10.3%	10.3%	10.3%		11.3%	11.6%	11.5%
Finance charges & Depreciation	FC&D/(Total Revenue - capital revenue)	29.2%	24.4%	2.1%	19.2%	19.2%	19.2%	19.2%	19.6%	20.0%	19.7%
IDP regulation financial viability indicators											
i. Debt coverage	(Total Operating Revenue - Operating Grants)/Debt service payments due within financial year	5.6	1,019.0	25.3	42.0	42.0	42.0	78.7	38.5	25.9	27.2
ii. O/S Service Debtors to Revenue	Total outstanding service debtors/annual revenue received for services (Available cash + Investments)/monthly fixed operational expenditure	89.7%	168.2%	211.6%	107.7%	107.7%	107.7%	107.7%	267.9%	246.5%	237.1%
iii. Cost coverage		0.3	0.1	(0.6)	2.4	1.4	1.4	1.4	2.6	6.0	8.0

2.3.1 Performance indicators and benchmarks

2.3.1.1 Borrowing Management Capital expenditure in local government can be funded by capital grants, own-source revenue and long term borrowing. The ability of a municipality to raise long term borrowing is largely dependent on its creditworthiness and financial position. As with all other municipalities, Kgetlengrivier borrowing strategy is primarily informed by the affordability of debt repayments. The structure of the Municipality's debt portfolio is

dominated by annuity loans. The following financial performance indicators have formed part of the compilation of the 2019/20 MTREF:

- ✚ Capital charges to operating expenditure is a measure of the cost of borrowing in relation to the operating expenditure. It can be seen that the cost of borrowing remains steady. While borrowing is considered a prudent financial instrument in financing capital infrastructure development, this indicator will have to be carefully monitored going forward.

2.3.1.2 Safety of Capital

- ✚ The gearing ratio is a measure of the total long term borrowings over funds and reserves. This ratio is not conducive to the GRAP accounting framework due to the low amount of reserves.

2.3.1.3 Liquidity

- ✚ Current ratio is a measure of the current assets divided by the current liabilities and as a benchmark the Municipality has set a bottom limit of 1.5, therefore at no point in time should this ratio be less than 1.5. Over the 2019/20 MTREF the current ratio is 1.9, increasing to 2.55 by 2021/22. National Treasury has set a current ratio minimum of 1.5 in circular 71. Going forward it will be necessary to preserve this ratio, notwithstanding that it could tie up cash needed for capital investment.
- ✚ The liquidity ratio is a measure of the ability of the municipality to utilize cash and cash equivalents to extinguish or retire its current liabilities immediately. Ideally the municipality should have the equivalent cash and cash equivalents on hand to meet at least the current liabilities, which should translate into a liquidity ratio of 1. Kgetlengrivier Municipality's liquidity ratio is at an average of 2.55 over the MTREF, up from 1.9 in the previous MTREF. The liquidity includes consumer deposits and provisions which are not likely to be realised in the short term. As part of the longer term financial planning objectives this ratio should be preserved as mentioned, notwithstanding that it could will tie up cash needed for capital investment.

2.3.1.4 Revenue Management

- ✚ As part of the financial sustainability strategy, an aggressive revenue management framework has been implemented to increase cash inflow, not only from current billings but also from debtors that are in arrears in excess of 90 days. The intention of the strategy is to streamline the revenue value chain by ensuring accurate billing, customer service, credit control and debt collection.

2.3.1.6 Other Indicators

- ✚ Employee costs as a percentage of operating revenue remains stable. This is primarily owing to limited expansion of the personnel structure.

✚ In real terms, repairs and maintenance has increased as part of the municipality's strategy to ensure the management of its asset base

2.3.2 Free Basic Services: basic social services package for indigent households

The social package assists residents that have difficulty paying for services and are registered as indigent households in terms of the Indigent Policy of the Municipality. Only registered indigents qualify for the free basic services. For the 2019/20 financial year 8 200 registered indigents have been provided for in the budget. In terms of the municipality's indigent policy, registered households are entitled to 6kl free water, 50 kWh of electricity, weekly refuse removal and, where applicable, sewer services which includes sewage output based on 85% of the water consumption and the latest infrastructure levy for water and waste water. Further subsidies are capped at the full revenue cost of the basic services provided above. Households with a property valuation of R220 000 qualify upon registration as indigents.

Further detail relating to the number of households receiving free basic services, the cost of free basic services, highest level of free basic services as well as the revenue cost associated with the free basic services is contained in Table 26 MBRR A10 (Basic Service Delivery Measurement) on page.

Note that the number of households in informal areas that receive free services and the cost of these services (e.g. the provision of water through stand pipes) are not taken into account in the table noted above due to the measuring criteria.

2.4 Overview of budget related-policies

The Municipality's budgeting process is guided and governed by relevant legislation, frameworks, strategies and related policies.

2.4.1 Customer Care, Credit Control and Debt Collection Policy

The 2019/20 MTREF has been prepared on the basis of achieving an average debtors' collection rate in excess of 65 per cent on current billings. The current collection rate is in excess of 65 per cent. In addition the collection of debt in excess of 90 days has been prioritised, as well as debt older than two years, where interest will be waived.

2.4.2 Asset Management Policy

The Asset Management Policy is considered a strategic guide in ensuring a sustainable approach to asset renewal, repairs and maintenance. In addition the policy prescribes the accounting and administrative policies and procedures relating to property, plant and equipment (fixed assets).

A proxy for asset consumption can be considered the level of depreciation each asset incurs on an annual basis. Preserving the investment in existing infrastructure needs to be considered a significant strategy in ensuring the future sustainability of infrastructure and the revenue base.

2.4.3 Budget Policy

The budget process is governed by various provisions in the MFMA and is aimed at instilling and establishing an increased level of discipline, responsibility and accountability in the financial management practices of municipalities. To ensure that the Municipality continues to deliver on its core mandate and achieves its developmental goals, the mid-year review and adjustment budget process will be utilised to ensure that underperforming functions are identified and funds redirected to performing functions.

2.4.4 Supply Chain Management Policy

The Supply Chain Management Policy was first adopted by Council in 2008. The policy is continually revised to incorporate amending legislation.

2.4.5 Virement Policy

The Virement Policy aims to empower senior managers with an efficient financial and budgetary amendment and control system to ensure optimum service delivery within the legislative framework of the MFMA and the Municipality's system of delegations.

2.4.6 Investment, Liquidity & Cash Management Policy

The aim of the policy is to ensure that the Municipality's surplus cash and investments are adequately managed.

2.4.7 Tariff Policy

The Municipality's tariff policies provide a broad framework within which the Council can determine fair, transparent and affordable charges that also promote sustainable service delivery.

2.4.8 Contract Management Policy

This policy has been introduced to further enhance the supply chain management function.

2.4.9 Pay Day Policy

This policy has been introduced to give effect to the council resolution in this regard.

The following policies have also been subject to review:

- ✚ Property Rates Policy;
- ✚ Funding and Reserves Policy;
- ✚ Indigent Policy;
- ✚ Travelling & Subsistence;
- ✚ Petty Cash
- ✚ Unauthorised, Irregular and Fruitless & Wasteful Expenditure Policy
- ✚ SCM policy

2.5 Overview of budget assumptions

2.5.1 External factors

The effects of recession are less evident than the same time two years ago. After a protracted standstill in interest rates, this has since increased. Upwards pressure is also evident in the inflation rate and the Rand continues to weaken against leading currencies. International oil prices are rising after a significant decrease over the previous months.

2.5.2 General inflation outlook and its impact on the municipal activities

There are five key factors that have been taken into consideration in the compilation of the 2019/20 MTREF:

- ✚ National Government macro-economic targets;
- ✚ The general inflationary outlook and the impact on Municipality's residents and businesses;
- ✚ The impact of municipal cost drivers;
- ✚ The increase in prices for bulk electricity and fuel; and
- ✚ The increase in the cost of remuneration. Employee related costs comprise 23.2 per cent of total operating expenditure in the 2019/20 MTREF and therefore increases above inflation places a disproportionate upward pressure on the expenditure budget

2.5.3 Interest rates for borrowing and investment of funds

The MFMA specifies that borrowing can only be utilised to fund capital or refinancing of borrowing in certain conditions. The municipality chiefly engages in amortisation-style loans requiring both regular principal and interest payments. Surplus cash is invested and re-invested at short intervals.

2.5.4 Collection rate for revenue services

The base assumption is that tariff and rating increases will increase at a rate linked to CPI over the medium term. It is also assumed that current economic conditions, and relative inflationary conditions, will continue for the forecasted term. The rate of revenue collection is currently expressed as a percentage (65 per cent) of annual billings. Cash flow is assumed to be 65 per cent of billings from an increased collection of arrear debt.

2.5.5 Growth or decline in tax base of the municipality

Debtors' revenue is assumed to increase at a rate that is influenced by the consumer debtors' collection rate, tariff/rate pricing, real growth rate of the Municipality, household formation growth rate and the poor household change rate.

Household formation is the key factor in measuring municipal revenue and expenditure growth, as servicing 'households' is a greater municipal service factor than servicing individuals. Household formation rates are assumed to convert to household dwellings. In addition the change in the number of poor households influences the net revenue benefit derived from household formation growth, as it assumes that the same costs incurred for servicing the household exist, but that no consumer revenue is derived as the 'poor household' mainly limits consumption to the level of free basic services.

2.5.6 Salary increases

The current three year collective SALGBC salary agreement comes to an end on 30 June 2020. Salary increases, according to the agreement, were determined at 6.7% for the 2018/19 financial year, based on the average inflation for the period February 2018 to January 2019, with a minimum inflation rate of 5.2% plus 1.5%. The macro-economic forecast outlook, together with previous salary determinations was used as a tenable guideline for an increase in remuneration. This amounted to an estimate of 6.65%.

2.5.7 Impact of national, provincial and local policies

Integration of service delivery between national, provincial and local government is critical to ensure focussed service delivery and in this regard various measures were implemented to align IDPs, provincial and national strategies around priority spatial interventions. In this regard, the following national priorities form the basis of all integration initiatives:

-  Creating jobs;
-  Enhancing education and skill development;
-  Improving Health services;
-  Rural development and agriculture; and
-  Fighting crime and corruption.

To achieve these priorities integration mechanisms are in place to ensure integrated planning and execution of various development programs. The focus will be to strengthen the link between policy priorities and expenditure thereby ensuring the achievement of the national, provincial and local objectives.

2.5.8 Ability of the municipality to spend and deliver on the programmes

It is estimated that a spending rate of 99 per cent could be achieved on operating expenditure and 95 per cent on the capital programme for the 2019/20 MTREF.

2.6 Overview of budget funding

2.6.1 Medium-term outlook: operating revenue

The following table is a breakdown of the operating revenue over the medium-term:

Table 33 Breakdown of the operating revenue over the medium-term

Vote Description R thousand	Ref	2019/20 Medium Term Revenue & Expenditure Framework		
		Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
Future revenue by source	3			
Property rates		8,416	8,854	9,314
Service charges - electricity revenue		48,230	50,831	53,571
Service charges - water revenue		10,724	11,282	11,869
Service charges - sanitation revenue		6,837	7,193	7,567
Service charges - refuse revenue		4,417	4,647	4,888
Rental of facilities and equipment		226	239	252
<i>Transfers and subsidies</i>		95,612	103,240	113,234
<i>Other Revenue</i>		91,202	93,944	95,572
Total future revenue		265,666	280,229	296,267

The following grants have been published in the DORA:

2019/20 - 2021/2022 DORA & PROVINCIAL ALLOCATIONS

Description R thousand	2019/20 Medium Term Revenue & Expenditure Framework		
	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
RECEIPTS:			
<u>Operating Transfers and Grants</u>			
National Government:	95,612	103,240	113,234
Local Government Equitable Share	91,271	99,928	109,658
Finance Management	2,880	3,312	3,576
Municipal Systems Improvement	—	—	—
EPWP Incentive	1,461	—	—
Electricity Demand Side Management	—	—	—
ACIP & RBIG Funding	—	—	—

Tariff setting plays a major role in ensuring desired levels of revenue. Getting tariffs right assists in the compilation of a credible and funded budget. The Municipality derives most of its operational revenue from the provision of goods and services such as water, electricity, sanitation, solid waste removal, property rates, operating and capital grants from organs of state and other minor charges (such as building plan fees, licenses and permits etc).

The revenue strategy is a function of key components such as:

- ✚ Growth in the municipality and economic development;
- ✚ Revenue management and enhancement;

- ✚ Achievement of a 65 per cent annual collection rate for consumer revenue;
- ✚ National Treasury guidelines;
- ✚ Electricity tariff increases within the National Electricity Regulator of South Africa (NERSA) approval;
- ✚ Achievement of full cost recovery of specific user charges;
- ✚ Determining tariff escalation rate by establishing/calculating revenue requirements; and
- ✚ The Property Rates Policy in terms of the Municipal Property Rates Act, 2004 (Act 6 of 2004), as amended (MPRA).

The above principles guide the annual increase in the tariffs charged to the consumers and the ratepayers aligned to the economic forecasts

Table 34 Proposed tariff increases for 2019/2020

Description	Current Year 2018/19	2019/20 Medium Term Revenue & Expenditure Framework	
	Full Year Forecast	Budget Year 2019/20 % incr.	Budget Year 2019/20
Rand/cent			
<u>Monthly Account for Household - 'Affordable Range'</u>			
Rates and services charges:			
Property rates	30.57	5.2%	32.16
Electricity: Basic levy	182.85	5.2%	192.36
Electricity: Consumption	641.89	5.2%	675.27
Water: Basic levy	17.62	5.2%	18.53
Water: Consumption	230.51	5.2%	242.50
Sanitation	50.91	5.2%	53.56
Refuse removal	31.53	5.2%	33.17
Other	–	5.2%	–
sub-total	1,185.88	5.2%	1,247.54
VAT on Services	177.88		187.13
Total small household bill:	1,363.76	5.2%	1,434.67
% increase/-decrease	–		5.2%

Refer to Annexure C for Tariffs increases

The levying of property rates is considered a strategic revenue source. Services charges relating to electricity, water, sanitation and refuse removal constitutes the biggest component of the revenue basket.

Operational grants and subsidies have shown increases over the MTREF. It needs to be noted that in real terms the grants receipts from national government are growing over the MTREF. This can be seen in the increase in equitable share over the MTREF.

Investment revenue contributes marginally to the revenue base. It needs to be noted that these allocations have been conservatively estimated. The

actual performance against budget will be carefully monitored. Any variances in this regard will be addressed as part of the mid-year review and adjustments budget.

The tables below provide detail investment information and investment particulars by maturity.

Table 35 MBRR SA15 – Detail Investment Information

Investment type	Ref	2015/16	2016/17	2017/18	Current Year 2018/19			2019/20 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
R thousand										
Parent municipality										
Securities - National Government		-	-	-	-	-	-	-	-	-
Listed Corporate Bonds		-	-	-	-	-	-	-	-	-
Deposits - Bank		1,450	-	-	1,429	1,429	1,429	1,429	1,429	1,429
Deposits - Public Investment Commissioners		-	-	-	-	-	-	-	-	-
Deposits - Corporation for Public Deposits		-	-	-	-	-	-	-	-	-
Bankers Acceptance Certificates		-	-	-	-	-	-	-	-	-
Negotiable Certificates of Deposit - Banks		-	-	-	-	-	-	-	-	-
Guaranteed Endowment Policies (sinking)		-	-	-	-	-	-	-	-	-
Repurchase Agreements - Banks		-	-	-	-	-	-	-	-	-
Municipal Bonds		-	-	-	-	-	-	-	-	-
Municipality sub-total	1	1,450	-	-	1,429	1,429	1,429	1,429	1,429	1,429

Table 36 MBRR SA16 – Investment particulars by maturity

Investments by Maturity	Ref	Period of Investment	Type of Investment	Capital Guarantee (Yes/No)	Variable or Fixed interest rate	Opening balance	Interest to be realised	Partial / Premature Withdrawal (4)	Investment Top Up	Closing Balance
Name of institution & investment ID	1	Yrs/Months								
Parent municipality										
SANLAM		N/A	Fixed deposit	Yes	fixed	992	16			1,008
OLD MUTUAL	37591		Fixed deposit	Yes	fixed	243	-			243
FNB	42552		Fixed deposit	Yes	fixed	25	-			25
ABSA	42810		Fixed deposit	Yes	fixed	14	1			15
ABSA	42999		Fixed deposit	Yes	fixed	16	1		-	17
ABSA			Call accounts	Yes	fixed	2	29			
ABSA			Call accounts	Yes	fixed	0	0			0
ABSA			Call accounts	Yes	fixed	132		-	-	
ABSA			Call accounts	Yes	fixed	2	0			
FNB			Call accounts	Yes	fixed	2				
										-
Municipality sub-total						1,429		-	-	1,309

For the medium-term, the funding strategy has been informed directly by ensuring financial sustainability and continuity. The surplus is intended to partly fund capital expenditure from own sources as well as ensure adequate cash backing of reserves and funds.

2.6.2 Medium-term outlook: capital revenue

The following table is a breakdown of the funding composition of the 2019/20 medium-term capital programme:

Table 37 Sources of capital revenue over the MTREF

Funded by:											
National Government		48,677	47,736	31,238	59,122	59,122	59,122	59,122	24,555	25,660	27,470
Provincial Government											
District Municipality											
Other transfers and grants											
Transfers recognised - capital	4	48,677	47,736	31,238	59,122	59,122	59,122	59,122	24,555	25,660	27,470
Borrowing	6										
Internally generated funds		1,825									
Total Capital Funding	7	50,503	47,736	31,238	59,122	59,122	59,122	59,122	24,555	25,660	27,470

Capital grants and receipts equates to 100 per cent of the total funding source which represents R24 million for the 2019/20 financial year.

Table 38 MBRR Table SA18 - Capital transfers and grant receipts

Description	Ref	2015/16	2016/17	2017/18	Current Year 2018/19			2019/20 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
R thousand										
RECEIPTS:	1, 2									
Operating Transfers and Grants										
National Government:		66,625	66,625	75,428	85,080	85,080	85,080	95,612	103,240	113,234
Local Government Equitable Share		57,478	57,478	62,494	81,506	81,506	81,506	91,271	99,928	109,658
Finance Management		1,875	1,875	2,010	2,415	2,415	2,415	2,880	3,312	3,576
Municipal Systems Improvement		929	929		-	-	-	-	-	-
EPWP Incentive		1,878	1,878	1,737	1,159	1,159	1,159	1,461	-	-
Electricity Demand Side Management		3,433	3,433	-	-	-	-	-	-	-
ACIP & RBIG Funding		1,031	1,031	9,187	-	-	-	-	-	-
Provincial Government:		524	524	1,073	1,350	1,350	1,350	-	-	-
Sport and Recreation		524	524	1,073	1,350	1,350	1,350	-	-	-
District Municipality:		2,000	2,000	2,000	-	1,000	1,000	-	-	-
Bojanala Platinum District Municipality		2,000	2,000	2,000	-	1,000	1,000	-	-	-
Other grant providers:		-	-	-	1,270	1,270	1,270	1,292	1,355	1,446
5% MIG for PMU		-	-	-	1,270	1,270	1,270	1,292	1,355	1,446
Total Operating Transfers and Grants	5	69,149	69,149	78,501	87,700	88,700	88,700	96,904	104,595	114,680
Capital Transfers and Grants										
National Government:		21,259	-	-	59,122	59,122	59,122	24,555	25,660	27,470
Municipal Infrastructure Grant (MIG)		21,259	-	-	24,122	24,122	24,122	24,555	25,660	27,470
Water Services Infrastructure Grant (MWIG)		-	-	-	35,000	35,000	35,000	-	-	-
Provincial Government:		-	-	-	-	-	-	-	-	-
Other capital transfers/grants [insert description]		-	-	-	-	-	-	-	-	-
District Municipality:		-	-	-	-	-	-	-	-	-
Bojanala Platinum District Municipality		-	-	-	-	-	-	-	-	-
Other grant providers:		-	-	-	-	-	-	-	-	-
5% MIG for PMU		-	-	-	-	-	-	-	-	-
Total Capital Transfers and Grants	5	21,259	-	-	59,122	59,122	59,122	24,555	25,660	27,470
TOTAL RECEIPTS OF TRANSFERS & GRANTS		90,408	69,149	78,501	146,822	147,822	147,822	121,459	130,255	142,150

The following table is a detailed analysis of the Municipality's borrowing liability.

Table 39 MBRR Table SA17 - Detail of borrowings

Borrowing - Categorized by type	Ref	2015/16	2016/17	2017/18	Current Year 2018/19			2019/20 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
R thousand										
Parent municipality										
Annuity and Bullet Loans		-	-	-	-	-	-	-	-	-
Long-Term Loans (non-annuity)		-	-	-	-	-	-	-	-	-
Local registered stock		-	-	-	-	-	-	-	-	-
Instalment Credit		-	-	-	-	-	-	-	-	-
Financial Leases		-	-	-	-	-	-	-	-	-
PPP liabilities		-	-	-	-	-	-	-	-	-
Finance Granted By Cap Equipment Supplier		-	-	-	-	-	-	-	-	-
Marketable Bonds		-	-	-	-	-	-	-	-	-
Non-Marketable Bonds		-	-	-	-	-	-	-	-	-
Bankers Acceptances		-	-	-	-	-	-	-	-	-
Financial derivatives		-	-	-	-	-	-	-	-	-
Other Securities		-	-	-	-	-	-	-	-	-
Municipality sub-total	1	-	-	-	-	-	-	-	-	-

It should be noted that the no borrowing over the next three years.

Cash Flow Management

Cash flow management and forecasting is a critical step in determining if the budget is funded over the medium-term. The table below is consistent with international standards of good financial management practice and also improves understanding for councillors and management.

Table 40 MBRR Table A7 - Budgeted cash flow statement

Description	Ref	2015/16	2016/17	2017/18	Current Year 2018/19				2019/20 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
R thousand											
CASH FLOW FROM OPERATING ACTIVITIES											
Receipts											
Property rates		366	–	–	4,800	4,800	4,800	4,800	5,050	8,854	5,312
Service charges		1,464	33,938	30,187	47,161	47,161	47,161	47,161	42,950	64,631	43,650
Other revenue		37,422	4,537	113	37,440	37,440	37,440	37,440	37,598	28,102	37,892
Government - operating	1	66,492	103,442	–	86,350	86,350	86,350	86,350	95,612	103,240	113,234
Government - capital	1	23,658			59,122	59,122	59,122	59,122	25,392	25,847	27,105
Interest		12,077	16,116	98	3,650	3,650	3,650	3,650	1,946	3,843	5,739
Dividends									–	–	–
Payments											
Suppliers and employees		(112,729)	(132,904)	(5,041)	(166,161)	(166,161)	(166,161)	(166,161)	(153,280)	(163,532)	(172,640)
Finance charges		(4,147)	(3,889)	(4,332)	(1,000)	(1,000)	(1,000)	(1,000)	(1,561)	(1,645)	(1,734)
Transfers and Grants	1								–	–	–
NET CASH FROM/(USED) OPERATING ACTIVITIES		24,604	21,241	21,025	71,362	71,362	71,362	71,362	53,707	69,339	58,559
CASH FLOWS FROM INVESTING ACTIVITIES											
Receipts											
Proceeds on disposal of PPE		142	302	–	4,675	4,675	4,675	4,675	–	–	–
Decrease (Increase) in non-current debtors									–	–	–
Decrease (increase) other non-current receivables									–	–	–
Decrease (increase) in non-current investments			(66)	(1,830)					–	–	–
Payments											
Capital assets		(26,233)	(24,324)	(27,724)	(59,122)	(59,122)	(59,122)	(59,122)	(24,555)	(25,660)	(27,470)
NET CASH FROM/(USED) INVESTING ACTIVITIES		(26,091)	(24,087)	(29,554)	(54,447)	(54,447)	(54,447)	(54,447)	(24,555)	(25,660)	(27,470)
CASH FLOWS FROM FINANCING ACTIVITIES											
Receipts											
Short term loans									–	–	–
Borrowing long term/refinancing		4,854							–	–	–
Increase (decrease) in consumer deposits									–	–	–
Payments											
Repayment of borrowing		(1,792)							–	–	–
NET CASH FROM/(USED) FINANCING ACTIVITIES		3,062	–	–	–	–	–	–	–	–	–
NET INCREASE/ (DECREASE) IN CASH HELD		1,575	(2,846)	(8,529)	16,915	16,915	16,915	16,915	29,152	43,679	31,089
Cash/cash equivalents at the year begin:	2	1,913	3,487	641	11,138				1,470	30,622	74,301
Cash/cash equivalents at the year end:	2	3,487	641	(7,888)	28,053	16,915	16,915	16,915	30,622	74,301	105,390

The above table shows that cash and cash equivalents of the Municipality reflects steady decline from the 2015/2016 to 2019/2020 financial years. For the 2019/20 MTREF the budget has been prepared to ensure sustained levels of cash and cash equivalents over the medium-term with cash levels

anticipated to exceed R30,6 million by 2019/20 and steadily increasing to R74,3 million by 2021/22.

2.6.3 Cash Backed Reserves/Accumulated Surplus Reconciliation

This following table meets the requirements of MFMA Circular 42 which deals with the funding of a municipal budget in accordance with sections 18 and 19 of the MFMA. The table seeks to answer three key questions regarding the use and availability of cash:

- ✚ The predicted cash and investments available at the end of the budget year?
- ✚ How are those funds used?
- ✚ What is the net funds available or funding shortfall?

A surplus would indicate the cash-backed accumulated surplus that is available. A shortfall (applications > cash and investments) is indicative of non-compliance with section 18 of the MFMA requirement that the municipality's budget must be 'funded'. It is also important to analyse trends to understand the consequences. Small cash surpluses have been realised over the past three years, which is inevitably utilised to finance capital. The working capital has to be optimally managed.

Table 41 MBRR Table A8 - Cash backed reserves/accumulated surplus reconciliation

Description	Ref	2015/16	2016/17	2017/18	Current Year 2018/19				2019/20 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
R thousand											
Cash and investments available											
Cash/cash equivalents at the year end	1	3,487	641	(7,888)	28,053	16,915	16,915	16,915	30,622	74,301	105,390
Other current investments > 90 days		1,077	-	(113)	4,164	15,302	15,302	15,302	(26,644)	(67,530)	(93,062)
Non current assets - Investments	1	-	-	-	-	-	-	-	-	-	-
Cash and investments available:		4,565	641	(8,001)	32,217	32,217	32,217	32,217	3,979	6,772	12,329
Application of cash and investments											
Unspent conditional transfers		6,213	8,239	21,307	-	-	-	-	-	-	-
Unspent borrowing		-	-	-	-	-	-	-	-	-	-
Statutory requirements	2										
Other working capital requirements	3	100,409	116,519	112,349	44,244	44,244	44,244	44,244	(2,847)	(28,495)	(24,605)
Other provisions					(20,471)						
Long term investments committed	4	-	-	-	-	-	-	-	-	-	-
Reserves to be backed by cash/investments	5										
Total Application of cash and investments:		106,622	124,758	133,656	23,773	44,244	44,244	44,244	(2,847)	(28,495)	(24,605)
Surplus(shortfall)		(102,057)	(124,117)	(141,657)	8,444	(12,027)	(12,027)	(12,027)	6,826	35,267	36,934

From the above table it can be seen that the cash and investments total R30,6 million in the 2019/2020 financial year and increase to R74,3 million by 2020/21, including the projected cash and cash equivalents as determined in

the cash flow forecast. The following is a breakdown of the application of this funding:

- ✚ Unspent conditional transfers (grants) are automatically assumed to be an obligation as the municipality has received government transfers in advance of meeting the conditions. Ordinarily, unless there are special circumstances, the municipality is obligated to return unspent conditional grant funds to the national revenue fund at the end of the financial year. Stringent measures have been implemented by NT regarding unspent grants.
- ✚ No Unspent borrowing from the previous financial year is anticipated.
- ✚ Provisions for statutory requirements could include VAT owing to SARS at year end.
- ✚ The main purpose of other working capital is to ensure that sufficient funds are available to meet obligations as they fall due. A key challenge is often the mismatch between the timing of receipts of funds from debtors and payments due to employees and creditors. For the purpose of the cash backed reserves and accumulated surplus reconciliation, at least two months operational expenditure is covered at all times. It needs to be noted that although this can be considered prudent, the desired cash levels should be 60 days to ensure continued liquidity of the municipality. Any underperformance in relation to collections could place upward pressure on the ability of the Municipality to meet its creditor obligations.
- ✚ Long term investments consist primarily of the sinking funds for the repayment of future borrowings. The sinking fund value is held within long term investments and must be 'held to maturity' and is not available for spending

When considering the funding requirements of section 18 and 19 of the MFMA, it needs to be noted that for all practical purposes the 2019/2020 MTREF is funded, from a pure cash flow perspective (cash out flow versus cash inflow), and is therefore credible. The challenge for the Municipality will be to ensure that the underlying planning and cash flow assumptions are meticulously managed, especially the performance against the collection rate.

2.6.4 Funding compliance measurement

National Treasury requires that the municipality assess its financial sustainability against fourteen different measures that look at various aspects of the financial health of the municipality. These measures are contained in the following table. All the information comes directly from the annual budgeted statements of financial performance, financial position and cash flows. The funding compliance measurement table essentially measures the

degree to which the proposed budget complies with the funding requirements of the MFMA. Each of the measures is discussed below.

Table 42 MBRR SA10 – Funding compliance measurement

Description	MFMA section	Ref	2015/16	2016/17	2017/18	Current Year 2018/19				2019/20 Medium Term Revenue & Expenditure Framework		
			Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
Funding measures												
Cash/cash equivalents at the year end - R'000	18(1)b	1	3,487	641	(7,888)	28,053	16,915	16,915	16,915	30,622	74,301	105,390
Cash + investments at the yr end less applications - R'000	18(1)b	2	(102,057)	(124,117)	(141,657)	8,444	(12,027)	(12,027)	(12,027)	6,826	35,267	36,934
Cash year end/monthly employee/supplier payments	18(1)b	3	0.3	0.1	(0.6)	2.4	1.4	1.4	1.4	2.6	6.0	8.0
Surplus/(Deficit) excluding depreciation offsets: R'000	18(1)	4	(34,619)	(18,294)	15,748	69,658	69,658	69,658	69,658	48,485	43,591	49,264
Service charge rev % change - macro CPI-X target exclusive	18(1)a(2)	5	N.A.	(13.3%)	(18.7%)	72.9%	(6.0%)	(6.0%)	(6.0%)	(10.6%)	5.6%	(1.8%)
Cash receipts % of Ratepayer & Other revenue	18(1)a(2)	6	43.5%	38.4%	32.9%	60.2%	60.2%	60.2%	60.2%	57.9%	68.3%	55.7%
Debt impairment expense as a % of total billable revenue	18(1)a(2)	7	48.2%	28.7%	71.1%	26.1%	26.1%	26.1%	26.1%	28.9%	27.3%	27.6%
Capital payments % of capital expenditure	18(1)c(19)	8	51.9%	51.0%	88.8%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Borrowing receipts % of capital expenditure (excl. transfers)	18(1)c	9	265.9%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Grants % of Govt legislated/gazetted allocations	18(1)a	10								100.0%	100.1%	100.0%
Current consumer debtors % change - incr(decr)	18(1)a	11	N.A.	73.9%	9.8%	(8.9%)	0.0%	0.0%	0.0%	137.5%	2.7%	0.2%
Long term receivables % change - incr(decr)	18(1)a	12	N.A.	0.0%	0.0%	(100.0%)	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
R&M % of Property Plant & Equipment	20(1)(vi)	13	3.0%	4.7%	3.8%	3.9%	3.9%	3.9%	4.3%	5.0%	4.6%	4.5%
Asset renewal % of capital budget	20(1)(vi)	14	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

Supporting indicators											
% inc total service charges (incl prop rates)	18(1)a		(7.3%)	(12.7%)	78.9%	0.0%	0.0%	0.0%	(4.6%)	11.6%	4.2%
% inc Property Tax	18(1)a		0.4%	(0.8%)	5.6%	0.0%	0.0%	0.0%	5.2%	5.2%	5.2%
% inc Service charges - electricity revenue	18(1)a		(12.2%)	(5.7%)	80.4%	0.0%	0.0%	0.0%	(3.4%)	14.8%	5.4%
% inc Service charges - water revenue	18(1)a		(10.3%)	(7.2%)	651.3%	0.0%	0.0%	0.0%	(24.2%)	7.2%	(5.0%)
% inc Service charges - sanitation revenue	18(1)a		8.0%	(17.2%)	53.2%	0.0%	0.0%	0.0%	5.2%	5.2%	5.2%
% inc Service charges - refuse revenue	18(1)a		20.6%	4.6%	0.0%	0.0%	0.0%	0.0%	5.2%	5.2%	5.2%
% inc in	18(1)a		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Total billable revenue	18(1)a	47,688	44,213	38,590	69,027	69,027	69,027	69,027	65,848	73,485	76,559
Service charges		47,688	44,213	38,590	69,027	69,027	69,027	69,027	65,848	73,485	76,559
Property rates		7,608	7,638	7,579	8,000	8,000	8,000	8,000	8,416	8,854	9,314
Service charges - electricity revenue		29,415	25,833	24,355	43,936	43,936	43,936	43,936	42,453	48,717	51,348
Service charges - water revenue		5,484	4,919	1,357	10,194	10,194	10,194	10,194	7,724	8,282	7,869
Service charges - sanitation revenue		3,360	3,628	3,003	4,599	4,599	4,599	4,599	4,838	5,089	5,354
Service charges - refuse removal		1,821	2,195	2,297	2,298	2,298	2,298	2,298	2,417	2,543	2,675
Service charges - other		-	-	-	-	-	-	-	-	-	-
Rental of facilities and equipment		78	108	88	190	190	190	190	226	239	252
Capital expenditure excluding capital grant funding		1,825	-	-	-	-	-	-	-	-	-
Cash receipts from ratepayers	18(1)a	39,252	38,476	30,300	89,401	89,401	89,401	89,401	85,598	101,587	86,855
Ratepayer & Other revenue	18(1)a	90,237	100,328	92,159	148,453	148,453	148,453	148,453	147,855	148,711	155,940
Change in consumer debtors (current and non-current)		30,050	31,665	7,325	(7,325)	(7,325)	(7,325)	(7,325)	102,499	4,720	334
Operating and Capital Grant Revenue	18(1)vi	90,408	101,416	113,291	145,472	145,472	145,472	145,472	121,459	130,345	142,150
Capital expenditure - total	20(1)(vi)	50,503	47,736	31,238	59,122	59,122	59,122	59,122	24,555	25,660	27,470
Capital expenditure - renewal	20(1)(vi)	-	-	-	-	-	-	-	-	-	-
Supporting benchmarks											
Growth guideline maximum		6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%
CPI guideline		4.3%	3.9%	4.6%	5.0%	5.0%	5.0%	5.0%	5.4%	5.6%	5.4%
DoRA operating grants total MFY									95,612	103,240	113,234
DoRA capital grants total MFY									25,847	27,015	28,916
Provincial operating grants											
Provincial capital grants											
District Municipality grants											
Total gazetted/advised national, provincial and district grants									121,459	130,255	142,150
Average annual collection rate (arrears inclusive)											
DoRA operating											
Local Government Equitable Share									91,271	99,928	109,658
Finance Management									2,880	3,312	3,576
EPWP Incentive									1,461	-	-
									95,612	103,240	113,234
DoRA capital											
Municipal Infrastructure Grant (MIG)									25,847	27,015	28,916
									25,847	27,015	28,916
Trend											
Change in consumer debtors (current and non-current)		30,050	31,665	7,325	(7,325)	102,499	4,720	334	-	-	-
Total Operating Revenue											
Total Operating Expenditure		159,680	201,787	205,549	239,528	239,528	239,528	239,528	243,519	252,006	269,232
Operating Performance Surplus/(Deficit)		215,558	220,082	189,800	228,993	228,993	228,993	228,993	220,881	235,520	248,884
Cash and Cash Equivalents (30 June 2012)		(55,878)	(18,294)	15,748	10,535	10,535	10,535	10,535	22,638	16,486	20,348
Revenue											
% Increase in Total Operating Revenue			26.4%	1.9%	16.5%	0.0%	0.0%	0.0%	1.7%	3.5%	6.8%
% Increase in Property Rates Revenue			0.4%	(0.8%)	5.6%	0.0%	0.0%	0.0%	5.2%	5.2%	5.2%
% Increase in Electricity Revenue			(12.2%)	(5.7%)	80.4%	0.0%	0.0%	0.0%	(3.4%)	14.8%	5.4%
% Increase in Property Rates & Services Charges			(7.3%)	(12.7%)	78.9%	0.0%	0.0%	0.0%	(4.6%)	11.6%	4.2%
Expenditure											
% Increase in Total Operating Expenditure			2.1%	(13.8%)	20.6%	0.0%	0.0%	0.0%	(3.5%)	6.6%	5.7%
% Increase in Employee Costs			3.1%	18.8%	(8.2%)	0.0%	0.0%	0.0%	10.2%	6.6%	6.6%
% Increase in Electricity Bulk Purchases			7.4%	(10.3%)	2.0%	0.0%	0.0%	0.0%	5.2%	5.2%	5.2%
Average Cost Per Budgeted Employee Position (Remuneration)				223199.9153	203148.164				223900.928		
Average Cost Per Councillor (Remuneration)				470324.5333	369976.5333				275758.2667		
R&M % of PPE		3.0%	4.7%	3.8%	3.9%	3.9%	3.9%		5.0%	4.6%	4.5%
Asset Renewal and R&M as a % of PPE		3.0%	0.0%	0.0%	4.0%	4.0%	4.0%		0.0%	0.0%	0.0%
Debt Impairment % of Total Billable Revenue		48.2%	28.7%	71.1%	26.1%	26.1%	26.1%	26.1%	28.9%	27.3%	27.6%
Capital Revenue											
Internally Funded & Other (R'000)		1,825	-	-	-	-	-	-	-	-	-
Borrowing (R'000)		-	-	-	-	-	-	-	-	-	-
Grant Funding and Other (R'000)		48,677	47,736	31,238	59,122	59,122	59,122	59,122	24,555	25,660	27,470
Internally Generated funds % of Non Grant Funding		100.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Borrowing % of Non Grant Funding		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Grant Funding % of Total Funding		96.4%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Capital Expenditure											
Total Capital Programme (R'000)		50,503	47,736	31,238	59,122	59,122	59,122	59,122	24,555	25,660	27,470
Asset Renewal		-	-	-	-	-	-	-	-	-	-
Asset Renewal % of Total Capital Expenditure		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Cash											
Cash Receipts % of Rate Payer & Other		43.5%	38.4%	32.9%	60.2%	60.2%	60.2%	60.2%	57.9%	68.3%	55.7%
Cash Coverage Ratio		0	0	(0)	0	0	0	0	0	0	0
Borrowing											
Credit Rating (2009/10)									0		
Capital Charges to Operating		2.8%	1.8%	2.3%	0.4%	0.4%	0.4%	0.4%	0.7%	0.7%	0.7%
Borrowing Receipts % of Capital Expenditure		265.9%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Reserves											
Surplus/(Deficit)		(102,057)	(124,117)	(141,657)	8,444	(12,027)	(12,027)	(12,027)	6,826	35,267	36,934
Free Services											
Free Basic Services as a % of Equitable Share		0.0%	0.0%	0.0%	7.9%	7.9%	7.9%		7.4%	7.2%	6.9%
Free Services as a % of Operating Revenue (excl operational transfers)		0.0%	0.0%	0.0%	5.4%	5.4%	5.4%		5.6%	5.6%	5.4%
High Level Outcome of Funding Compliance											
Total Operating Revenue		159,680	201,787	205,549	239,528	239,528	239,528	239,528	243,519	252,006	269,232
Total Operating Expenditure		215,558	220,082	189,800	228,993	228,993	228,993	228,993	220,881	235,520	248,884
Surplus/(Deficit) Budgeted Operating Statement		(55,878)	(18,294)	15,748	10,535	10,535	10,535	10,535	22,638	16,486	20,348
Surplus/(Deficit) Considering Reserves and Cash Backing		(102,057)	(124,117)	(141,657)	8,444	(12,027)	(12,027)	(12,027)	6,826	35,267	36,934
MTREF Funded (1) / Unfunded (0)	15	0	0	0	1	0	0	0	1	1	1
MTREF Funded ✓ / Unfunded ✗	15	✗	✗	✗	✓	✗	✗	✗	✓	✓	✓

2.7 Expenditure on grants and reconciliations of unspent funds

Description	Ref	2015/16	2016/17	2017/18	Current Year 2018/19			2019/20 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
R thousand										
EXPENDITURE:	1									
Operating expenditure of Transfers and Grants										
National Government:		66,625	66,625	75,428	85,080	85,080	85,080	95,612	103,240	113,234
Local Government Equitable Share		57,478	57,478	62,494	81,506	81,506	81,506	91,271	99,928	109,658
Finance Management		1,875	1,875	2,010	2,415	2,415	2,415	2,880	3,312	3,576
Municipal Systems Improvement		929	929		-	-	-	-	-	-
EPWP Incentive		1,878	1,878	1,737	1,159	1,159	1,159	1,461	-	-
Electricity Demand Side Management		3,433	3,433	-	-	-	-	-	-	-
ACIP & RBIG Funding		1,031	1,031	9,187	-	-	-	-	-	-
Provincial Government:		524	524	1,073	1,350	1,350	1,350	-	-	-
Sport and Recreation		524	524	1,073	1,350	1,350	1,350	-	-	-
District Municipality:		2,000	2,000	2,000	-	1,000	1,000	-	-	-
Bojanala Platinum District Municipality		2,000	2,000	2,000	-	1,000	1,000	-	-	-
Other grant providers:		2,000	-	-	1,270	1,270	1,270	1,292	1,355	1,446
5% MIG for PMU		2,000	-	-	1,270	1,270	1,270	1,292	1,355	1,446
Total operating expenditure of Transfers and Grants:		71,149	69,149	78,501	87,700	88,700	88,700	96,904	104,595	114,680
Capital expenditure of Transfers and Grants										
National Government:		21,259	-	-	59,122	59,122	59,122	24,555	25,660	27,470
Municipal Infrastructure Grant (MIG)		21,259	-	-	24,122	24,122	24,122	24,555	25,660	27,470
Water Services Infrastructure Grant (MWIG)		-	-	-	35,000	35,000	35,000	-	-	-
Provincial Government:		-	-	-	-	-	-	-	-	-
Other capital transfers/grants [insert description]		-	-	-	-	-	-	-	-	-
District Municipality:		-	-	-	-	-	-	-	-	-
Bojanala Platinum District Municipality		-	-	-	-	-	-	-	-	-
Other grant providers:		-	-	-	-	-	-	-	-	-
5% MIG for PMU		-	-	-	-	-	-	-	-	-
Total capital expenditure of Transfers and Grants		21,259	-	-	59,122	59,122	59,122	24,555	25,660	27,470
TOTAL EXPENDITURE OF TRANSFERS AND GRANTS		92,408	69,149	78,501	146,822	147,822	147,822	121,459	130,255	142,150

Table 44 MBRR SA 20 - Reconciliation between of transfers, grant receipts and unspent funds

Description	Ref	2015/16	2016/17	2017/18	Current Year 2018/19			2019/20 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
R thousand										
Operating transfers and grants:	1,3									
National Government:										
Balance unspent at beginning of the year										
Current year receipts		66,625			83,921					
Conditions met - transferred to revenue		66,625	-	-	83,921	-	-	-	-	-
Conditions still to be met - transferred to liabilities										
Provincial Government:										
Balance unspent at beginning of the year										
Current year receipts		524			1,159					
Conditions met - transferred to revenue		524	-	-	1,159	-	-	-	-	-
Conditions still to be met - transferred to liabilities										
District Municipality:										
Balance unspent at beginning of the year										
Current year receipts		2,000								
Conditions met - transferred to revenue		2,000	-	-	-	-	-	-	-	-
Conditions still to be met - transferred to liabilities										
Other grant providers:										
Balance unspent at beginning of the year										
Current year receipts					1,270					
Conditions met - transferred to revenue		-	-	-	1,270	-	-	-	-	-
Conditions still to be met - transferred to liabilities										
Total operating transfers and grants revenue		69,149	-	-	86,350	-	-	-	-	-
Total operating transfers and grants - CTBM	2	-	-	-	-	-	-	-	-	-
Capital transfers and grants:	1,3									
National Government:										
Balance unspent at beginning of the year		941								
Current year receipts		20,318			59,122					
Conditions met - transferred to revenue		21,259	-	-	59,122	-	-	-	-	-
Conditions still to be met - transferred to liabilities										
Provincial Government:										
Balance unspent at beginning of the year										
Current year receipts										
Conditions met - transferred to revenue		-	-	-	-	-	-	-	-	-
Conditions still to be met - transferred to liabilities										
District Municipality:										
Balance unspent at beginning of the year										
Current year receipts										
Conditions met - transferred to revenue		-	-	-	-	-	-	-	-	-
Conditions still to be met - transferred to liabilities										
Other grant providers:										
Balance unspent at beginning of the year										
Current year receipts										
Conditions met - transferred to revenue		-	-	-	-	-	-	-	-	-
Conditions still to be met - transferred to liabilities										
Total capital transfers and grants revenue		21,259	-	-	59,122	-	-	-	-	-
Total capital transfers and grants - CTBM	2	-	-	-	-	-	-	-	-	-
TOTAL TRANSFERS AND GRANTS REVENUE		90,408	-	-	145,472	-	-	-	-	-
TOTAL TRANSFERS AND GRANTS - CTBM		-	-	-	-	-	-	-	-	-

2.8 Councillor and employee benefits

Table 45 MBRR SA22 - Summary of councillor and staff benefits

Disclosure of Salaries, Allowances & Benefits 1.	Ref	No.	Salary	Contributions	Allowances	Performance Bonuses	In-kind benefits	Total Package
Rand per annum				1.				2.
Councillors	3							
Speaker	4		470,629	49,941	252,321			772,891
Chief Whip			518,992	144,744	252,307			916,043
Executive Mayor								-
Deputy Executive Mayor								-
Executive Committee			3,209,393	309,698	341,622			3,860,714
Total for all other councillors								-
Total Councillors	8	-	4,199,014	504,383	846,251			5,549,648
Senior Managers of the Municipality	5							
Municipal Manager (MM)			724,932	16,611	249,444	-		990,987
Chief Finance Officer			612,602	16,611	216,204	-		845,417
Corporates Director			545,215	16,611	193,740	-		755,566
Community Services			545,215	16,611	193,740	-		755,566
Technical Services			545,215	16,611	193,740	-		755,566
Local Economic Development			545,215	16,611	193,740	-		755,566

Table 47 MBRR SA24 – Summary of personnel numbers

Summary of Personnel Numbers		Ref	2017/18			Current Year 2018/19			Budget Year 2019/20		
Number			Positions	Permanent employees	Contract employees	Positions	Permanent employees	Contract employees	Positions	Permanent employees	Contract employees
Municipal Council and Boards of Municipal Entities											
Councillors (Political Office Bearers plus Other Councillors)			15	-	15	15	-	15	15	-	15
Board Members of municipal entities	4		-	-	-	-	-	-	-	-	-
Municipal employees	5		-	-	-	-	-	-	-	-	-
Municipal Manager and Senior Managers	3		5	-	5	6	-	6	6	-	6
Other Managers	7		7	7		8	7	1	8	7	1
Professionals			218	213	5	218	213	5	218	213	5
Finance			21	16	5	21	16	5	21	16	5
Spatial/town planning			-	-	-	-	-	-	-	-	-
Information Technology			-	-	-	-	-	-	-	-	-
Roads			60	60	-	60	60	-	60	60	-
Electricity			7	7	-	7	7	-	7	7	-
Water			58	58	-	58	58	-	58	58	-
Sanitation			41	41	-	41	41	-	41	41	-
Refuse			31	31	-	31	31	-	31	31	-
Other			-	-	-	-	-	-	-	-	-
Technicians			-	-	-	-	-	-	-	-	-
Finance			-	-	-	-	-	-	-	-	-
Spatial/town planning			-	-	-	-	-	-	-	-	-
Information Technology			-	-	-	-	-	-	-	-	-
Roads			-	-	-	-	-	-	-	-	-
Electricity			-	-	-	-	-	-	-	-	-
Water			-	-	-	-	-	-	-	-	-
Sanitation			-	-	-	-	-	-	-	-	-
Refuse			-	-	-	-	-	-	-	-	-
Other			-	-	-	-	-	-	-	-	-
Clerks (Clerical and administrative)			18	18	-	18	18	-	18	18	-
Service and sales workers			-	-	-	-	-	-	-	-	-
Skilled agricultural and fishery workers			-	-	-	-	-	-	-	-	-
Craft and related trades			-	-	-	-	-	-	-	-	-
Plant and Machine Operators			-	-	-	-	-	-	-	-	-
Elementary Occupations			-	-	-	-	-	-	-	-	-
TOTAL PERSONNEL NUMBERS	9		263	238	25	265	238	27	265	238	27
% increase						0.8%	-	8.0%	-	-	-
Total municipal employees headcount	6, 10										
Finance personnel headcount	8, 10										
Human Resources personnel headcount	8, 10										

2.9 Monthly targets for revenue, expenditure and cash flow!

Table 48 MBRR SA25 - Budgeted monthly revenue and expenditure

Description		Ref	Budget Year 2019/20												Medium Term Revenue and Expenditure Framework			
R thousand			July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22	
Revenue By Source																		
Property rates			701	701	701	701	701	701	701	701	701	701	701	701	8,416	8,854	9,314	
Service charges - electricity revenue			4,019	4,019	4,019	3,019	4,019	4,019	4,019	3,019	4,019	4,019	3,019	1,242	42,453	48,717	51,348	
Service charges - water revenue			894	794	794	694	694	694	694	694	694	494	494	94	7,724	8,282	7,869	
Service charges - sanitation revenue			570	370	370	370	370	370	570	370	370	470	370	271	4,838	5,089	5,354	
Service charges - refuse revenue			201	201	201	201	201	201	201	201	201	201	201	201	2,417	2,543	2,675	
Rental of facilities and equipment			19	19	19	19	19	19	19	19	19	19	19	20	226	239	252	
Interest earned - external investments			4	4	4	4	4	4	4	4	4	4	4	4	53	55	58	
Interest earned - outstanding debtors			1,578	1,578	1,578	1,578	1,578	1,578	1,578	1,578	1,578	1,578	1,578	1,578	18,936	19,959	21,036	
Dividends received			-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Fines, penalties and forfeits			3,068	3,068	3,068	3,068	3,068	3,068	3,068	3,068	3,068	3,068	3,068	3,068	36,820	38,808	40,904	
Licences and permits			811	811	811	811	811	811	811	811	811	811	811	810	9,731	10,237	10,769	
Agency services			-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Transfers and subsidies			41,230	-	-	-	-	32,550	-	-	21,832	-	-	-	95,612	103,240	113,234	
Other revenue			1,358	1,358	1,358	1,358	1,358	1,358	1,358	1,358	1,358	1,358	1,358	1,358	16,293	5,984	6,420	
Gains on disposal of PPE			-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Total Revenue (excluding capital transfers and contributions)			54,454	12,924	12,924	11,824	12,824	45,374	13,024	11,824	34,656	12,724	11,624	9,349	243,519	252,006	269,232	
Expenditure By Type																		
Employee related costs			4,665	4,665	4,665	4,665	4,665	4,665	4,665	4,665	4,665	4,665	4,665	4,665	55,975	59,697	63,667	
Remuneration of councillors			345	345	345	345	345	345	345	345	345	345	345	345	4,136	4,411	4,705	
Debt impairment			1,583	1,583	1,583	1,583	1,583	1,583	1,583	1,583	1,583	1,583	1,583	1,583	19,000	20,026	21,107	
Depreciation & asset impairment			3,852	3,852	3,852	3,852	3,852	3,852	3,852	3,852	3,852	3,852	3,852	3,853	46,229	48,680	51,261	
Finance charges			130	130	130	130	130	130	130	130	130	130	130	130	1,561	1,645	1,734	
Bulk purchases			2,547	2,547	2,547	2,547	2,547	2,547	2,547	2,547	2,547	2,547	2,547	2,547	30,561	32,150	33,822	
Other materials			537	537	537	537	537	537	537	537	537	537	537	537	6,444	6,787	7,142	
Contracted services			532	532	532	532	532	532	532	532	532	532	532	532	6,387	6,731	7,095	
Transfers and subsidies			-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Other expenditure			5,901	1,901	2,901	2,901	4,901	3,901	4,901	3,901	4,901	4,901	4,901	4,672	50,588	55,392	58,351	
Loss on disposal of PPE			-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Total Expenditure			20,093	16,093	17,093	17,093	19,093	18,093	19,093	18,093	19,093	19,093	19,093	18,864	220,881	235,520	248,884	
Surplus/(Deficit)			34,361	(3,169)	(4,169)	(5,269)	(6,269)	27,281	(6,069)	(6,269)	15,563	(6,369)	(7,469)	(9,515)	22,638	16,486	20,348	
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)			2,154	2,154	2,154	2,154	2,154	2,154	2,154	2,154	2,154	2,154	2,154	2,154	25,847	27,105	28,916	
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions)			-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Transfers and subsidies - capital (in-kind - all)			-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Surplus/(Deficit) after capital transfers & contributions			36,515	(1,015)	(2,015)	(3,115)	(4,115)	29,435	(3,915)	(4,115)	17,717	(4,215)	(5,315)	(7,361)	48,485	43,591	49,264	
Taxation			-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Attributable to minorities			-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Share of surplus/ (deficit) of associate			-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Surplus/(Deficit)			1	36,515	(1,015)	(2,015)	(3,115)	(4,115)	29,435	(3,915)	(4,115)	17,717	(4,215)	(5,315)	(7,361)	48,485	43,591	49,264

Table 49 MBRR SA26 - Budgeted monthly revenue and expenditure (municipal vote)

Description	Ref	Budget Year 2019/20												Medium Term Revenue and Expenditure Framework		
		July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
R thousand																
Revenue by Vote																
Vote 1 - Governance and Administration		41,230	–	–	–	–	32,550	–	–	21,832	9,760	9,760	1,986	117,118	127,033	138,574
Vote 2 - Corporate Services		–	–	–	–	10,700	–	–	–	–	–	–	–	10,700	–	–
Vote 3 - Finance and Administration		2,868	2,868	2,868	2,868	2,868	2,868	2,868	2,868	2,868	2,868	2,868	2,868	34,412	36,626	38,766
Vote 4 - Public Safety		3,881	3,881	3,881	3,881	–	3,881	3,881	3,881	3,881	3,881	3,881	7,762	46,572	49,067	51,696
Vote 5 - Planning and Economic Development		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Vote 6 - Community and Social Services		137	137	137	137	0	137	137	137	137	137	137	274	1,648	197	207
Vote 7 - Sports and Recreation		0	0	0	0	–	0	0	0	0	0	0	0	3	3	3
Vote 8 - Housing		16	16	16	16	–	16	16	16	16	16	16	32	189	200	210
Vote 9 - Environmental Management		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Vote 10 - Roads and Transport		108	108	108	108	108	108	108	108	108	108	108	108	1,292	1,355	1,446
Vote 11 - Electricity		4,019	4,019	4,019	4,019	570	4,019	4,019	4,019	4,019	4,019	4,019	1,692	42,453	48,717	51,348
Vote 12 - Waste Water Management(Sanitation)		403	403	403	403	403	403	403	403	403	403	403	403	4,838	5,089	5,354
Vote 13 - Water		644	644	644	644	644	644	644	644	644	644	644	644	7,724	8,282	7,869
Vote 14 - Solid Waste Management(Refuse)		201	201	201	201	201	201	201	201	201	201	201	201	2,417	2,543	2,675
Total Revenue by Vote		53,507	12,277	12,277	12,277	15,494	44,827	12,277	12,277	34,109	22,037	22,037	15,970	269,366	279,111	298,148
Expenditure by Vote to be appropriated																
Vote 1 - Governance and Administration		3,761	3,761	3,761	3,761	3,761	3,761	3,761	3,761	3,761	3,761	3,761	1,867	43,235	45,763	48,439
Vote 2 - Corporate Services		1,432	1,432	1,432	1,432	1,432	1,432	1,432	1,432	1,432	1,432	1,432	1,332	17,087	18,080	19,131
Vote 3 - Finance and Administration		1,568	1,568	1,568	1,568	1,568	1,568	1,568	1,568	1,568	1,568	1,568	68	17,312	18,360	19,472
Vote 4 - Public Safety		860	860	860	860	860	860	860	860	860	860	860	861	10,325	10,968	11,650
Vote 5 - Planning and Economic Development		329	329	329	329	329	329	329	329	329	329	329	328	3,945	4,170	4,409
Vote 6 - Community and Social Services		270	270	270	270	270	270	270	270	270	270	270	271	3,244	3,457	3,683
Vote 7 - Sports and Recreation		207	207	207	207	207	207	207	207	207	207	207	208	2,489	2,653	2,829
Vote 8 - Housing		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Vote 9 - Environmental Management		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Vote 10 - Roads and Transport		2,221	2,221	2,221	2,221	2,221	2,221	2,221	2,221	2,221	2,221	2,221	1,777	26,211	27,695	29,263
Vote 11 - Electricity		4,533	4,533	4,533	4,533	4,533	4,533	4,533	4,533	4,533	4,533	4,533	3,241	53,100	55,870	58,783
Vote 12 - Waste Water Management(Sanitation)		1,224	1,224	1,224	1,224	1,224	1,224	1,224	1,224	1,224	1,224	1,224	1,223	14,684	15,543	16,454
Vote 13 - Water		2,084	2,084	2,084	2,084	2,084	2,084	2,084	2,084	2,084	2,084	2,084	2,084	25,005	28,456	29,986
Vote 14 - Solid Waste Management(Refuse)		354	354	354	354	354	354	354	354	354	354	354	353	4,243	4,505	4,785
Total Expenditure by Vote		18,843	18,843	18,843	18,843	18,843	18,843	18,843	18,843	18,843	18,843	18,843	13,614	220,881	235,520	248,884
Surplus/(Deficit) before assoc.		34,665	(6,565)	(6,565)	(6,565)	(3,349)	25,985	(6,565)	(6,565)	15,267	3,194	3,194	2,356	48,485	43,591	49,264
Taxation		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Attributable to minorities		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Share of surplus/ (deficit) of associate		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Surplus/(Deficit)	1	34,665	(6,565)	(6,565)	(6,565)	(3,349)	25,985	(6,565)	(6,565)	15,267	3,194	3,194	2,356	48,485	43,591	49,264

Table 50 MBRR SA27 - Budgeted monthly revenue and expenditure (functional classification)

Description	Ref	Budget Year 2019/20												Medium Term Revenue and Expenditure Framework		
		July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
R thousand																
Revenue - Functional																
Governance and administration		44,098	2,868	2,868	2,868	2,868	35,418	2,868	2,868	24,700	12,628	12,628	4,854	151,530	163,659	177,340
Executive and council		41,230	–	–	–	–	32,550	–	–	21,832	9,760	9,760	1,986	117,118	127,033	138,574
Finance and administration		2,868	2,868	2,868	2,868	2,868	2,868	2,868	2,868	2,868	2,868	2,868	2,868	34,412	36,626	38,766
Internal audit		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Community and public safety		4,926	4,926	4,926	4,926	4,926	4,926	4,926	4,926	4,926	4,926	4,926	4,926	59,112	49,466	52,117
Community and social services		1,031	1,031	1,031	1,031	1,031	1,031	1,031	1,031	1,031	1,031	1,031	1,030	12,369	219	231
Sport and recreation		0	0	0	0	0	0	0	0	0	0	0	0	3	3	3
Public safety		3,879	3,879	3,879	3,879	3,879	3,879	3,879	3,879	3,879	3,879	3,879	3,879	46,551	49,045	51,673
Housing		16	16	16	16	16	16	16	16	16	16	16	16	189	200	210
Health		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Economic and environmental services		108	108	108	108	108	108	108	108	108	108	108	108	1,292	1,355	1,446
Planning and development		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Road transport		108	108	108	108	108	108	108	108	108	108	108	108	1,292	1,355	1,446
Environmental protection		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Trading services		5,027	5,027	5,027	5,027	5,027	5,027	5,027	5,027	5,027	3,027	3,027	6,136	57,432	64,631	67,245
Energy sources		4,019	4,019	4,019	4,019	4,019	4,019	4,019	4,019	4,019	2,019	2,019	2,242	42,453	48,717	51,348
Water management		403	403	403	403	403	403	403	403	403	403	403	3,290	7,724	8,282	7,869
Waste water management		403	403	403	403	403	403	403	403	403	403	403	403	4,838	5,089	5,354
Waste management		201	201	201	201	201	201	201	201	201	201	201	201	2,417	2,543	2,675
Total Revenue - Functional		54,158	12,928	12,928	12,928	12,928	45,478	12,928	12,928	34,760	20,688	20,688	16,024	269,366	279,111	298,148
			17,978	17,978	17,978	17,978	83,078	17,978	17,978	61,642	33,498	33,498				
Expenditure - Functional																
Governance and administration		6,511	6,511	6,511	6,511	6,511	6,511	6,511	6,511	6,511	6,511	6,511	6,017	77,635	82,203	87,043
Executive and council		3,511	3,511	3,511	3,511	3,511	3,511	3,511	3,511	3,511	3,511	3,511	4,617	43,235	45,763	48,439
Finance and administration		3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	1,400	34,400	36,440	38,603
Internal audit		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Community and public safety		1,338	1,338	1,338	1,338	1,338	1,338	1,338	1,338	1,338	1,338	1,338	1,339	16,059	17,078	18,162
Community and social services		270	270	270	270	270	270	270	270	270	270	270	271	3,244	3,457	3,683
Sport and recreation		207	207	207	207	207	207	207	207	207	207	207	208	2,489	2,653	2,829
Public safety		860	860	860	860	860	860	860	860	860	860	860	861	10,325	10,968	11,650
Housing		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Health		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Economic and environmental services		2,550	2,550	2,550	2,550	2,550	2,550	2,550	2,550	2,550	2,550	2,550	2,106	30,156	31,865	33,672
Planning and development		329	329	329	329	329	329	329	329	329	329	329	328	3,945	4,170	4,409
Road transport		2,221	2,221	2,221	2,221	2,221	2,221	2,221	2,221	2,221	2,221	2,221	1,777	26,211	27,695	29,263
Environmental protection		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Trading services		8,625	7,625	7,625	8,625	7,625	7,625	8,625	8,625	8,625	8,625	8,625	6,153	97,032	104,374	110,008
Energy sources		4,533	4,533	4,533	4,533	4,533	4,533	4,533	4,533	4,533	4,533	4,533	3,241	53,100	55,870	58,783
Water management		2,500	1,500	1,500	2,500	1,500	1,500	2,500	2,500	2,500	2,500	2,500	1,500	25,005	28,456	29,986
Waste water management		1,239	1,239	1,239	1,239	1,239	1,239	1,239	1,239	1,239	1,239	1,239	1,058	14,684	15,543	16,454
Waste management		354	354	354	354	354	354	354	354	354	354	354	353	4,243	4,505	4,785
Total Expenditure - Functional		19,024	18,024	18,024	19,024	18,024	18,024	19,024	19,024	19,024	19,024	19,024	15,615	220,881	235,520	248,884
Surplus/(Deficit) before assoc.		35,134	(5,096)	(5,096)	(6,096)	(5,096)	27,454	(6,096)	(6,096)	15,736	1,664	1,664	409	48,485	43,591	49,264
Share of surplus/ (deficit) of associate		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Surplus/(Deficit)	1	35,134	(5,096)	(5,096)	(6,096)	(5,096)	27,454	(6,096)	(6,096)	15,736	1,664	1,664	409	48,485	43,591	49,264

Table 51 MBRR SA28 - Budgeted monthly capital expenditure (municipal vote)

Description	Ref	Budget Year 2019/20												Medium Term Revenue and Expenditure Framework		
		July	August	Sept.	October	Nov.	Dec.	January	Feb.	March	April	May	June	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
R thousand																
Multi-year expenditure to be appropriated	1															
Vote 1 - Governance and Administration		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 2 - Corporate Services		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 3 - Finance and Administration		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 4 - Public Safety		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 5 - Planning and Economic Development		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 6 - Community and Social Services		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 7 - Sports and Recreation		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 8 - Housing		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 9 - Environmental Management		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 10 - Roads and Transport		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 11 - Electricity		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 12 - Waste Water Management(Sanitation)		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 13 - Water		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 14 - Solid Waste Management(Refuse)		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
0		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Capital multi-year expenditure sub-total	2	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Single-year expenditure to be appropriated																
Vote 1 - Governance and Administration		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 2 - Corporate Services		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 3 - Finance and Administration		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 4 - Public Safety		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 5 - Planning and Economic Development		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 6 - Community and Social Services		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 7 - Sports and Recreation		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 8 - Housing		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 9 - Environmental Management		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 10 - Roads and Transport		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 11 - Electricity		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 12 - Waste Water Management(Sanitation)		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 13 - Water		2,046	2,046	2,046	2,046	2,046	2,046	2,046	2,046	2,046	2,046	2,046	2,046	24,555	25,660	27,470
Vote 14 - Solid Waste Management(Refuse)		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
0		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Capital single-year expenditure sub-total	2	2,046	2,046	2,046	2,046	2,046	2,046	2,046	2,046	2,046	2,046	2,046	2,046	24,555	25,660	27,470
Total Capital Expenditure	2	2,046	2,046	2,046	2,046	2,046	2,046	2,046	2,046	2,046	2,046	2,046	2,046	24,555	25,660	27,470

Table 52 MBRR SA29 - Budgeted monthly capital expenditure (functional classification)

Description	Ref	Budget Year 2019/20												Medium Term Revenue and Expenditure Framework		
		July	August	Sept.	October	Nov.	Dec.	January	Feb.	March	April	May	June	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
R thousand																
Capital Expenditure - Functional	1															
<i>Governance and administration</i>		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Executive and council		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Finance and administration		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Internal audit		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<i>Community and public safety</i>		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Community and social services		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Sport and recreation		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Public safety		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Planning and development		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Road transport		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Environmental protection		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<i>Trading services</i>		2,046	2,046	2,046	2,046	2,046	2,046	2,046	2,046	2,046	2,046	2,046	2,046	24,555	25,660	27,470
Energy sources		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Water management		2,046	2,046	2,046	2,046	2,046	2,046	2,046	2,046	2,046	2,046	2,046	2,046	24,555	25,660	27,470
Waste water management		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Waste management		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Capital Expenditure - Functional	2	2,046	2,046	2,046	2,046	2,046	2,046	2,046	2,046	2,046	2,046	2,046	2,046	24,555	25,660	27,470
Funded by:																
National Government		12,500	-	-	-	-	6,120	-	-	5,935	-	-	-	24,555	25,660	27,470
Provincial Government		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
District Municipality		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other transfers and grants		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfers recognised - capital		12,500	-	-	-	-	6,120	-	-	5,935	-	-	-	24,555	25,660	27,470
Borrowing		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Internally generated funds		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Capital Funding		12,500	-	-	-	-	6,120	-	-	5,935	-	-	-	24,555	25,660	27,470

Table 53 MBRR SA30 - Budgeted monthly cash flow

MONTHLY CASH FLOWS	Budget Year 2019/20												Medium Term Revenue and Expenditure Framework		
	July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
R thousand															
Cash Receipts By Source													1		
Property rates	323	323	323	323	323	323	323	323	323	323	323	1,501	5,050	8,854	5,312
Service charges - electricity revenue	3,055	3,055	3,055	3,055	3,055	3,055	3,055	3,055	3,055	3,055	3,055	362	33,962	48,717	34,102
Service charges - water revenue	313	313	313	313	313	313	313	313	313	313	313	1,194	4,635	8,282	4,969
Service charges - sanitation revenue	142	142	142	142	142	142	142	142	142	142	142	1,336	2,903	5,089	3,054
Service charges - refuse revenue	92	92	92	92	92	92	92	92	92	92	92	438	1,450	2,543	1,526
Rental of facilities and equipment	19	19	19	19	19	19	19	19	19	19	19	19	226	239	252
Interest earned - external investments	4	4	4	4	4	4	4	4	4	4	4	4	53	55	58
Interest earned - outstanding debtors	158	158	158	158	158	158	158	158	158	158	158	157	1,894	3,787	5,681
Dividends received	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Fines, penalties and forfeits	147	147	147	147	147	147	147	147	147	147	147	9,731	11,348	11,642	20,452
Licences and permits	811	811	811	811	811	811	811	811	811	811	811	810	9,731	10,237	10,769
Agency services	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Transfer receipts - operational	41,230	—	—	—	—	32,550	—	—	21,832	—	—	—	95,612	103,240	113,234
Other revenue	1,085	1,085	1,085	1,085	1,085	1,085	1,085	1,085	1,085	1,085	1,085	4,360	16,293	5,984	6,420
Cash Receipts by Source	47,378	6,148	6,148	6,148	6,148	38,698	6,148	6,148	27,980	6,148	6,148	19,913	183,156	208,669	205,828
Other Cash Flows by Source															
Transfer receipts - capital	12,500	—	—	—	—	6,120	—	—	6,772	—	—	—	25,392	25,847	27,105
Transfers and subsidies - capital (monetary)	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Proceeds on disposal of PPE	—	—	—	—	10,700	—	—	—	—	—	—	(10,700)	—	—	—
Total Cash Receipts by Source	59,878	6,148	6,148	6,148	16,848	44,818	6,148	6,148	34,752	6,148	6,148	9,213	208,548	234,516	232,933
Cash Payments by Type															
Employee related costs	4,665	4,665	4,665	4,665	4,665	4,665	4,665	4,665	4,665	4,665	4,665	4,665	55,975	59,697	63,667
Remuneration of councillors	345	345	345	345	345	345	345	345	345	345	345	345	4,136	4,411	4,705
Finance charges	130	130	130	130	130	130	130	130	130	130	130	130	1,561	1,645	1,734
Bulk purchases - Electricity	2,444	2,444	2,444	2,444	2,444	2,444	2,444	2,444	2,444	2,444	2,444	2,444	29,328	30,853	32,458
Bulk purchases - Water & Sewer	103	103	103	103	103	103	103	103	103	103	103	103	1,233	1,297	1,364
Other materials	537	537	537	537	537	537	537	537	537	537	537	537	6,444	6,787	7,142
Contracted services	532	532	532	532	532	532	532	532	532	532	532	532	6,387	6,731	7,095
Transfers and grants - other municipalities	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Transfers and grants - other	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Other expenditure	5,901	5,901	5,901	5,901	5,901	5,901	5,901	5,901	5,901	5,901	5,901	(15,139)	49,777	53,755	56,209
Cash Payments by Type	14,657	14,657	14,657	14,657	14,657	14,657	14,657	14,657	14,657	14,657	14,657	(6,383)	154,841	165,177	174,374
Other Cash Flows/Payments by Type															
Capital assets	2,046	2,046	2,046	2,046	2,046	2,046	2,046	2,046	2,046	2,046	2,046	2,046	24,555	25,660	27,470
Repayment of borrowing	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Other Cash Flows/Payments	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Total Cash Payments by Type	16,703	16,703	16,703	16,703	16,703	16,703	16,703	16,703	16,703	16,703	16,703	(4,337)	179,396	190,837	201,844
NET INCREASE/(DECREASE) IN CASH HELD	43,175	(10,555)	(10,555)	(10,555)	145	28,115	(10,555)	(10,555)	18,049	(10,555)	(10,555)	13,550	29,152	43,679	31,089
Cash/cash equivalents at the month/year begin:	1,470	44,645	34,091	23,536	12,981	13,126	41,242	30,687	20,132	38,181	27,627	17,072	1,470	30,622	74,301
Cash/cash equivalents at the month/year end:	44,645	34,091	23,536	12,981	13,126	41,242	30,687	20,132	38,181	27,627	17,072	30,622	30,622	74,301	105,390

2.10 Annual budgets and SDBIP 2.10 Annual budgets and SDBIP

The draft SDBIP will be tabled as a separate item at the Council meeting to be held on 28 March 2019.

2.11 Contracts having future budgetary implications

In terms of the Municipality's Supply Chain Management Policy all contracts awarded beyond the medium-term revenue and expenditure framework (three years) will listed. In ensuring adherence to this contractual time frame limitation, all reports submitted to either the Bid Evaluation and Adjudication Committees must obtain formal financial comments from the Financial Management Division of the Treasury Department.

2.12 Capital expenditure details

The following four tables present details of the Municipality's capital expenditure programme, firstly on new assets, then the renewal of assets, the repair and maintenance of assets and finally, the depreciation of assets.

Table 54 MBRR SA 34a - Capital expenditure on new assets by asset class

Description		Ref	2015/16	2016/17	2017/18	Current Year 2018/19			2019/20 Medium Term Revenue & Expenditure Framework		
R thousand		1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
Capital expenditure on new assets by Asset Class/Sub-class											
Infrastructure			48,677	47,736	31,238	59,122	59,122	59,122	24,555	25,660	27,470
Roads Infrastructure			48,677	47,736	31,238	10,500	10,500	10,500	-	-	-
Roads			48,677	47,736	31,238	10,500	10,500	10,500	-	-	-
Water Supply Infrastructure			-	-	-	48,622	48,622	48,622	24,555	25,660	27,470
Distribution			-	-	-	48,622	48,622	48,622	24,555	25,660	27,470
Other assets			1,825	-	-	-	-	-	-	-	-
Operational Buildings			1,825	-	-	-	-	-	-	-	-
Municipal Offices			1,825	-	-	-	-	-	-	-	-
Total Capital Expenditure on new assets	1		50,503	47,736	31,238	59,122	59,122	59,122	24,555	25,660	27,470

Table 55 MBRR SA34b - Capital expenditure on the renewal of existing assets by asset class

Description	Ref	2015/16	2016/17	2017/18	Current Year 2018/19			2019/20 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
R thousand	1									
<u>Capital expenditure on renewal of existing assets by Asset Class/Sub-class</u>										
<u>Infrastructure</u>		-	-	-	-	-	-	-	-	-
Roads Infrastructure		-	-	-	-	-	-	-	-	-
Storm water Infrastructure		-	-	-	-	-	-	-	-	-
Electrical Infrastructure		-	-	-	-	-	-	-	-	-
Water Supply Infrastructure		-	-	-	-	-	-	-	-	-
Sanitation Infrastructure		-	-	-	-	-	-	-	-	-
Solid Waste Infrastructure		-	-	-	-	-	-	-	-	-
Rail Infrastructure		-	-	-	-	-	-	-	-	-
Coastal Infrastructure		-	-	-	-	-	-	-	-	-
Information and Communication Infrastructure		-	-	-	-	-	-	-	-	-
<u>Community Assets</u>		-	-	-	-	-	-	-	-	-
Community Facilities		-	-	-	-	-	-	-	-	-
Sport and Recreation Facilities		-	-	-	-	-	-	-	-	-
<u>Heritage assets</u>		-	-	-	-	-	-	-	-	-
<u>Investment properties</u>		-	-	-	-	-	-	-	-	-
Revenue Generating		-	-	-	-	-	-	-	-	-
Non-revenue Generating		-	-	-	-	-	-	-	-	-
<u>Other assets</u>		-	-	-	-	-	-	-	-	-
Operational Buildings		-	-	-	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-
<u>Biological or Cultivated Assets</u>		-	-	-	-	-	-	-	-	-
<u>Intangible Assets</u>		-	-	-	-	-	-	-	-	-
<u>Computer Equipment</u>		-	-	-	-	-	-	-	-	-
<u>Furniture and Office Equipment</u>		-	-	-	-	-	-	-	-	-
<u>Machinery and Equipment</u>		-	-	-	-	-	-	-	-	-
<u>Transport Assets</u>		-	-	-	-	-	-	-	-	-
<u>Land</u>		-	-	-	-	-	-	-	-	-
<u>Zoo's, Marine and Non-biological Animals</u>		-	-	-	-	-	-	-	-	-
Total Capital Expenditure on renewal of existing assets	1	-	-	-	-	-	-	-	-	-
Renewal of Existing Assets as % of total capex		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Renewal of Existing Assets as % of deprecn"		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

Table 56 MBRR SA34c - Repairs and maintenance expenditure by asset class

Description	Ref	2015/16	2016/17	2017/18	Current Year 2018/19			2019/20 Medium Term Revenue & Expenditure Framework		
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
Repairs and maintenance expenditure by Asset Class/Sub-class										
Infrastructure		17,172	25,691	21,805	24,327	24,327	24,327	29,214	30,601	32,062
Roads Infrastructure		17,172	25,691	21,805	1,880	1,880	1,880	1,074	1,132	1,194
Roads		17,172	25,691	21,805	1,144	1,144	1,144	1,074	1,132	1,194
Road Structures		-	-	-	14	14	14	-	-	-
Road Furniture		-	-	-	716	716	716	-	-	-
Capital Spares		-	-	-	5	5	5	-	-	-
Storm water Infrastructure		-	-	-	-	-	-	-	-	-
Electrical Infrastructure		-	-	-	7,270	7,270	7,270	7,648	8,046	8,464
Power Plants		-	-	-	7,270	7,270	7,270	7,648	8,046	8,464
Water Supply Infrastructure		-	-	-	4,042	4,042	4,042	9,357	9,687	10,035
Distribution		-	-	-	4,042	4,042	4,042	9,357	9,687	10,035
Sanitation Infrastructure		-	-	-	10,800	10,800	10,800	10,800	11,383	11,998
Waste Water Treatment Works		-	-	-	10,800	10,800	10,800	10,800	11,383	11,998
Solid Waste Infrastructure		-	-	-	335	335	335	335	353	372
Waste Transfer Stations		-	-	-	335	335	335	335	353	372
Community Assets		-	-	-	-	-	-	69	73	77
Community Facilities		-	-	-	-	-	-	69	73	77
Other assets		-	-	-	335	335	335	818	862	908
Operational Buildings		-	-	-	335	335	335	818	862	908
Municipal Offices		-	-	-	335	335	335	818	862	908
Computer Equipment		-	-	-	-	-	-	2,000	2,108	2,222
Computer Equipment		-	-	-	-	-	-	2,000	2,108	2,222
Furniture and Office Equipment		-	-	-	-	-	-	182	192	202
Furniture and Office Equipment		-	-	-	-	-	-	182	192	202
Machinery and Equipment		-	-	-	-	-	-	141	143	157
Machinery and Equipment		-	-	-	-	-	-	141	143	157
Transport Assets		-	-	-	-	-	-	1,564	1,649	1,738
Transport Assets		-	-	-	-	-	-	1,564	1,649	1,738
Total Repairs and Maintenance Expenditure	1	17,172	25,691	21,805	24,662	24,662	24,662	33,988	35,627	37,366
R&M as a % of PPE		3.0%	4.7%	3.8%	3.9%	3.9%	3.9%	5.3%	6.5%	5.9%
R&M as % Operating Expenditure		8.0%	11.7%	11.5%	10.8%	10.8%	10.8%	14.8%	14.8%	14.7%

Table 57 MBRR SA34d – Depreciation by asset class

Description	Ref	2015/16	2016/17	2017/18	Current Year 2018/19			2019/20 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
R thousand	1									
<u>Depreciation by Asset Class/Sub-class</u>										
<u>Infrastructure</u>		38,910	45,442	–	39,652	39,652	39,652	40,866	43,028	45,303
Roads Infrastructure		38,910	45,442	–	18,011	18,011	18,011	8,100	8,537	8,998
Roads		38,910	45,442	–	18,011	18,011	18,011	8,100	8,537	8,998
Electrical Infrastructure		–	–	–	10,741	10,741	10,741	11,300	11,887	12,505
Power Plants					10,741	10,741	10,741	11,300	11,887	12,505
Water Supply Infrastructure		–	–	–	10,900	10,900	10,900	11,467	12,063	12,690
Distribution					10,900	10,900	10,900	11,467	12,063	12,690
Sanitation Infrastructure		–	–	–	–	–	–	10,000	10,540	11,109
Reticulation								10,000	10,540	11,109
Solid Waste Infrastructure		–	–	–	–	–	–	–	–	–
<u>Community Assets</u>		–	–	–	286	286	286	297	313	330
Community Facilities		–	–	–	286	286	286	297	313	330
Halls					77	77	77			
Libraries					123	123	123	123	130	137
Cemeteries/Crematoria								77	81	85
Police								11	12	13
Parks					86	86	86	86	90	95
<u>Other assets</u>		–	–	–	268	268	268	268	282	297
Operational Buildings		–	–	–	268	268	268	268	282	297
Municipal Offices					268	268	268	268	282	297
<u>Computer Equipment</u>		–	–	–	253	253	253	253	267	281
Computer Equipment					253	253	253	253	267	281
<u>Furniture and Office Equipment</u>		3,541	–	–	4,545	4,545	4,545	4,545	4,791	5,049
Furniture and Office Equipment		3,541			4,545	4,545	4,545	4,545	4,791	5,049
Total Depreciation	1	42,451	45,442	–	45,004	45,004	45,004	46,229	48,680	51,261

Table 58 MBRR SA34e - Capital expenditure on the upgrading of existing assets by asset class

Description	Ref	2015/16	2016/17	2017/18	Current Year 2018/19			2019/20 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
R thousand	1									
<u>Capital expenditure on upgrading of existing assets by Asset Class/Sub-class</u>										
<u>Infrastructure</u>		–	–	–	–	–	–	–	–	–
Roads Infrastructure		–	–	–	–	–	–	–	–	–
Roads		–	–	–	–	–	–	–	–	–
Water Supply Infrastructure		–	–	–	–	–	–	–	–	–
Distribution		–	–	–	–	–	–	–	–	–
<u>Other assets</u>		–	–	–	–	–	–	–	–	–
Operational Buildings		–	–	–	–	–	–	–	–	–
Municipal Offices		–	–	–	–	–	–	–	–	–
Total Capital Expenditure on upgrading of existing assets	1	–	–	–	–	–	–	–	–	–
Upgrading of Existing Assets as % of total capex		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Upgrading of Existing Assets as % of deprecn		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

Table 59 MBRR SA35 - Future financial implications of the capital budget

Vote Description	Ref	2019/20 Medium Term Revenue & Expenditure Framework			Forecasts			
		Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22	Forecast 2022/23	Forecast 2023/24	Forecast 2024/25	Present value
R thousand								
Capital expenditure	1							
Vote 1 - Governance and Administration		-	-	-	-	-	-	-
Vote 2 - Corporate Services		-	-	-	-	-	-	-
Vote 3 - Finance and Administration		-	-	-	-	-	-	-
Vote 4 - Public Safety		-	-	-	-	-	-	-
Vote 5 - Planning and Economic Development		-	-	-	-	-	-	-
Vote 6 - Community and Social Services		-	-	-	-	-	-	-
Vote 7 - Sports and Recreation		-	-	-	-	-	-	-
Vote 8 - Housing		-	-	-	-	-	-	-
Vote 9 - Environmental Management		-	-	-	-	-	-	-
Vote 10 - Roads and Transport		-	-	-	-	-	-	-
Vote 11 - Electricity		-	-	-	-	-	-	-
Vote 12 - Waste Water Management(Sanitation)		-	-	-	-	-	-	-
Vote 13 - Water		24,555	25,660	27,470	-	-	-	-
Vote 14 - Solid Waste Management(Refuse)		-	-	-	-	-	-	-
0		-	-	-				
List entity summary if applicable								
Total Capital Expenditure		24,555	25,660	27,470	-	-	-	-
Future operational costs by vote	2							
Vote 1 - Governance and Administration		45,129	47,759	50,543	-	-	-	-
Vote 2 - Corporate Services		17,187	18,186	19,242	-	-	-	-
Vote 3 - Finance and Administration		18,812	19,941	21,138	-	-	-	-
Vote 4 - Public Safety		14,326	15,184	16,094	-	-	-	-
Vote 5 - Planning and Economic Development		5,945	6,278	6,631	-	-	-	-
Vote 6 - Community and Social Services		3,244	3,457	3,683	-	-	-	-
Vote 7 - Sports and Recreation		2,489	2,653	2,829	-	-	-	-
Vote 8 - Housing		-	-	-	-	-	-	-
Vote 9 - Environmental Management		-	-	-	-	-	-	-
Vote 10 - Roads and Transport		26,655	28,163	29,756	-	-	-	-
Vote 11 - Electricity		54,392	57,228	60,212	-	-	-	-
Vote 12 - Waste Water Management(Sanitation)		18,684	19,759	20,898	-	-	-	-
Vote 13 - Water		30,005	31,456	32,986	-	-	-	-
Vote 14 - Solid Waste Management(Refuse)		4,243	4,505	4,785	-	-	-	-
0								
List entity summary if applicable		-						
Total future operational costs		241,110	254,569	268,797	-	-	-	-
Future revenue by source	3							
Property rates		8,416	8,854	9,314	-	-	-	-
Service charges - electricity revenue		48,230	50,831	53,571	-	-	-	-
Service charges - water revenue		10,724	11,282	11,869	-	-	-	-
Service charges - sanitation revenue		6,837	7,193	7,567	-	-	-	-
Service charges - refuse revenue		4,417	4,647	4,888	-	-	-	-
Rental of facilities and equipment		226	239	252	-	-	-	-
Transfers and subsidies		95,612	103,240	113,234	-	-	-	-
Other Revenue		91,202	93,944	95,572	-	-	-	-
Total future revenue		265,666	280,229	296,267	-	-	-	-
Net Financial Implications		(0)	0	0	-	-	-	-

Table 60 MBRR SA36 - Detailed capital budget per municipal vote

2.13 Legislation compliance status

Compliance with the MFMA implementation requirements have been adhered to through the following activities:

1. In year reporting
Reporting to National Treasury in electronic format is being fully complied with on a monthly basis. Section 71 reporting to the Executive Mayor (within 10 working days) is being fully complied with and includes monthly published financial performance on the Municipality's website.
2. Internship programme
The Municipality is participating in the Municipal Financial Management Internship programme and is currently in the process of appointing five interns.
3. Budget and Treasury Office
The Budget and Treasury Office has been established in accordance with the MFMA.
4. Audit Committee
Shared Audit Committee has been established and is fully functional.
5. Service Delivery and Implementation Plan
The draft SDBIP document will be tabled in council on 28 March 2019 and is aligned and informs the 2019/20 MTREF.
6. Annual Report
Annual report is compiled in terms of the MFMA and National Treasury requirements.
7. MFMA Training
In excess of 60 municipal officials of Kgetlengrivier Municipality has completed the MFMA training.
8. Policies
All budget related policies have been reviewed and will be tabled with the draft budget on 28 March 2019.

2.14 Other supporting documents

Table 62 MBRR Table SA1 - Supporting detail to budgeted financial performance

Description	Ref	2015/16	2016/17	2017/18	Current Year 2018/19				2019/20 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
R thousand											
REVENUE ITEMS:											
Property rates	6										
Total Property Rates		7,608	7,638	7,579	8,650	8,650	8,650	8,650	9,102	9,577	10,076
less Revenue Foregone (exemptions, reductions and rebates and impermissible values in excess of section 17 of MPRA)		-	-	-	650	650	650	650	686	723	762
Net Property Rates		7,608	7,638	7,579	8,000	8,000	8,000	8,000	8,416	8,854	9,314
Service charges - electricity revenue	6										
Total Service charges - electricity revenue		29,415	25,833	24,355	47,617	47,617	47,617	47,617	46,221	52,577	55,304
less Revenue Foregone (in excess of 50 kwh per indigent household per month)					2,000	2,000	2,000	2,000	2,000	2,000	2,000
less Cost of Free Basis Services (50 kwh per indigent household per month)		-	-	-	1,681	1,681	1,681	1,681	1,768	1,860	1,957
Net Service charges - electricity revenue		29,415	25,833	24,355	43,936	43,936	43,936	43,936	42,453	48,717	51,348
Service charges - water revenue	6										
Total Service charges - water revenue		5,484	4,919	1,357	14,492	14,492	14,492	14,492	12,126	12,793	12,495
less Revenue Foregone (in excess of 6 kilolitres per indigent household per month)					2,300	2,300	2,300	2,300	2,300	2,300	2,300
less Cost of Free Basis Services (6 kilolitres per indigent household per month)		-	-	-	1,998	1,998	1,998	1,998	2,102	2,211	2,326
Net Service charges - water revenue		5,484	4,919	1,357	10,194	10,194	10,194	10,194	7,724	8,282	7,869
Service charges - sanitation revenue											
Total Service charges - sanitation revenue		3,360	3,628	3,003	8,676	8,676	8,676	8,676	9,012	9,370	9,747
less Revenue Foregone (in excess of free sanitation service to indigent households)					2,200	2,200	2,200	2,200	2,200	2,200	2,200
less Cost of Free Basis Services (free sanitation service to indigent households)		-	-	-	1,877	1,877	1,877	1,877	1,974	2,081	2,193
Net Service charges - sanitation revenue		3,360	3,628	3,003	4,599	4,599	4,599	4,599	4,838	5,089	5,354
Service charges - refuse revenue	6										
Total refuse removal revenue		1,821	2,195	2,297	4,301	4,301	4,301	4,301	4,467	4,644	4,830
Total landfill revenue											
less Revenue Foregone (in excess of one removal a week to indigent households)					1,100	1,100	1,100	1,100	1,100	1,100	1,100
less Cost of Free Basis Services (removed once a week to indigent households)		-	-	-	903	903	903	903	950	1,001	1,055
Net Service charges - refuse revenue		1,821	2,195	2,297	2,298	2,298	2,298	2,298	2,417	2,543	2,675

Other Revenue by source											
Other Revenue		873	570	222	6,118	6,118	6,118	6,118	4,009	4,321	4,650
VAT Claimable		-	-	-	10,868	10,868	10,868	10,868	-	-	-
PHOTOCOPIES AND FAX		-	-	-	-	-	-	-	34	36	38
CLEARANCE CERTIFICATE		-	-	-	-	-	-	-	32	33	35
VALUATION CERTIFICATES		-	-	-	-	-	-	-	6	6	6
COLLECTION COMMISSION INSUR		-	-	-	-	-	-	-	47	49	52
VAT INCOME CLAIMABLE ON MIG		-	-	-	-	-	-	-	-	-	-
GRAVE FEES		-	-	-	-	-	-	-	158	166	175
MEMBERSHIP FEES / NEW CONNE		-	-	-	-	-	-	-	3	3	3
BUILDING PLANS		-	-	-	-	-	-	-	13	14	15
PROJECT MANAGEMENT UNIT (5% MIG)		-	-	-	-	-	-	-	1,292	1,355	1,446
SALE OF LAND	3	-	-	-	-	-	-	-	10,700	-	-
Total 'Other' Revenue	1	873	570	222	16,986	16,986	16,986	16,986	16,293	5,984	6,420
EXPENDITURE ITEMS:											
Employee related costs											
Basic Salaries and Wages	2	27,504	29,288	32,181	36,008	36,008	36,008	36,008	39,927	42,561	45,450
Pension and UIF Contributions		4,786	5,172	5,895	5,563	5,563	5,563	5,563	5,980	6,371	6,787
Medical Aid Contributions		3,050	3,056	3,436	2,831	2,831	2,831	2,831	3,075	3,276	3,491
Overtime		1,468	1,061	1,949	1,586	1,586	1,586	1,586	1,201	1,279	1,362
Performance Bonus		2,613	2,179	4,576	2,553	2,553	2,553	2,553	-	-	-
Motor Vehicle Allowance		1,823	1,743	2,305	1,862	1,862	1,862	1,862	2,071	2,207	2,353
Cellphone Allowance		-	-	-	128	128	128	128	154	164	175
Housing Allowances		3,099	3,246	3,835	104	104	104	104	111	118	126
Other benefits and allowances		864	855	1,176	153	153	153	153	534	568	604
Payments in lieu of leave		-	-	-	-	-	-	-	2,846	3,070	3,231
Long service awards		-	-	-	-	-	-	-	-	-	-
Post-retirement benefit obligations	4	-	-	-	-	-	-	-	76	82	87
sub-total	5	45,208	46,600	55,354	50,787	50,787	50,787	50,787	55,975	59,697	63,667
Less: Employees costs capitalised to PPE		-	-	-	-	-	-	-	-	-	-
Total Employee related costs	1	45,208	46,600	55,354	50,787	50,787	50,787	50,787	55,975	59,697	63,667
Contributions recognised - capital											
<i>List contributions by contract</i>											
Total Contributions recognised - capital		-	-	-	-	-	-	-	-	-	-
Depreciation & asset impairment											
Depreciation of Property, Plant & Equipment		42,451	45,442	-	45,004	45,004	45,004	45,004	46,229	48,680	51,261
Lease amortisation		-	-	-	-	-	-	-	-	-	-
Capital asset impairment		-	-	-	-	-	-	-	-	-	-
Depreciation resulting from revaluation of PPE	10	-	-	-	-	-	-	-	-	-	-
Total Depreciation & asset impairment	1	42,451	45,442	-	45,004	45,004	45,004	45,004	46,229	48,680	51,261
Bulk purchases											
Electricity Bulk Purchases		28,380	30,472	27,326	27,879	27,879	27,879	27,879	29,328	30,853	32,458
Water Bulk Purchases		1,529	957	1,635	1,172	1,172	1,172	1,172	1,233	1,297	1,364
Total bulk purchases	1	29,909	31,429	28,961	29,051	29,051	29,051	29,051	30,561	32,150	33,822
Transfers and grants											
Cash transfers and grants		-	-	-	-	-	-	-	-	-	-
Non-cash transfers and grants		-	-	-	-	-	-	-	-	-	-
Total transfers and grants	1	-	-	-	-	-	-	-	-	-	-
Contracted services											
Contracted Services		-	-	-	6,387	6,387	6,387	6,387	-	-	-
Mavhambo ITS		-	-	-	-	-	-	-	-	-	-
Nashua		-	-	-	-	-	-	-	-	-	-
Vesta		-	-	-	-	-	-	-	-	-	-
SECURITY AND ACCESS CONTROL		-	-	-	-	-	-	-	2,386	2,515	2,651
ICT / FINANCIAL SYSTEM		-	-	-	-	-	-	-	2,000	2,108	2,222
COMPUTER - SOFTWARE LICENSE FEES AND SUPPORT		-	-	-	-	-	-	-	2,000	2,108	2,222
sub-total	1	-	-	-	6,387	6,387	6,387	6,387	6,387	6,731	7,095

Supporting detail to budgeted financial performance (Continued)

Allocations to organs of state:											
Electricity											
Water											
Sanitation											
Other											
Total contracted services		-	-	-	6,387	6,387	6,387	6,387	6,387	6,731	7,095
Other Expenditure By Type											
Collection costs		-	-	-							
Contributions to 'other' provisions		-	-	-	-	-	-	-	-	-	-
Consultant fees		-	-	-	7,837	7,837	7,837	7,837	5,018	5,555	5,120
Audit fees		-	-	-	3,000	3,000	3,000	3,000	3,000	3,162	3,333
General expenses	3	48,723	46,746	44,857	18,125	18,125	18,125	18,125	4,549	5,581	6,304
ADVERTISING, PRINTING AND STATIONERY		-	-	-	1,500	1,500	1,500	1,500	2,803	2,952	3,109
TELEPHONE AND POSTAGE		-	-	-	800	800	800	800	826	870	917
INSURANCE		-	-	-	1,120	1,120	1,120	1,120	635	669	705
EMPLOYEE WELNESS		-	-	-	1,159	1,159	1,159	1,159	469	494	521
LEGAL SERVICES		-	-	-	950	950	950	950	500	527	555
ASSET REGISTER		-	-	-	1,195	1,195	1,195	1,195	1,014	1,068	1,126
REVENUE ENHANCEMENT: METER READING		-	-	-	6,079	6,079	6,079	6,079	200	211	222
VALUATION COST		-	-	-	2,156	2,156	2,156	2,156	170	179	189
LED: SPECIAL PROJECTS		-	-	-	4,632	4,632	4,632	4,632	3,432	4,882	5,145
ENTERTAINMENT		-	-	-	-	-	-	-	457	481	507
TRAVELLING, ACCOMODATION AND SUBSISTENCE		-	-	-	-	-	-	-	1,695	1,787	1,883
TRAINING		-	-	-	-	-	-	-	1,043	1,100	1,159
CLOSURE OF LANDFIL SITE		-	-	-	-	-	-	-	201	212	223
PUMPS		-	-	-	-	-	-	-	6,173	6,494	6,832
BUILDING AND INSTALLATION		-	-	-	-	-	-	-	818	862	908
ELECTRICAL NETWORKS		-	-	-	-	-	-	-	4,796	5,139	5,500
MAINTANACE SEWARAGE		-	-	-	-	-	-	-	6,800	6,856	7,442
ROADS AND STREET		-	-	-	-	-	-	-	940	991	1,045
EQUIPMENT		-	-	-	-	-	-	-	2,327	2,450	2,580
VEHICLES AND EQUIPMENT		-	-	-	-	-	-	-	1,564	1,649	1,738
EXTENDED PUBLIC WORKS PROG.		-	-	-	-	-	-	-	1,159	1,222	1,288
Total 'Other' Expenditure	1	48,723	46,746	44,857	48,553	48,553	48,553	48,553	50,588	55,392	58,351
by Expenditure Item	8										
Employee related costs		-	-	-	-	-	-	-	-	-	-
Other materials		17,172	25,691	21,805	24,662	24,662	24,662	24,662	27,488	29,127	30,866
Contracted Services		-	-	-	-	-	-	-	-	-	-
Other Expenditure		-	-	-	-	-	-	-	-	-	-
Total Repairs and Maintenance Expenditure	9	17,172	25,691	21,805	24,662	24,662	24,662	24,662	27,488	29,127	30,866

Table 63 MBRR Table SA2 – Matrix financial performance budget (revenue source/expenditure type and department)

Description	Ref	Vote 1 - Governance and Administration	Vote 2 - Corporate Services	Vote 3 - Finance and Administration	Vote 4 - Public Safety	Vote 5 - Planning and Economic Development	Vote 6 - Community and Social Services	Vote 7 - Sports and Recreation	Vote 10 - Roads and Transport	Vote 11 - Electricity	Vote 12 - Waste Water Management(Sanitation)	Vote 13 - Water	Vote 14 - Solid Waste Management(Refuse)	Total
R thousand	1													
Revenue By Source														
Property rates		–	–	8,416	–	–	–	–	–	–	–	–	–	8,416
Service charges - electricity revenue		–	–	–	–	–	–	–	–	42,453	–	–	–	42,453
Service charges - water revenue		–	–	–	–	–	–	–	–	–	–	7,724	–	7,724
Service charges - sanitation revenue		–	–	–	–	–	–	–	–	–	4,838	–	–	4,838
Service charges - refuse revenue		–	–	–	–	–	–	–	–	–	–	–	2,417	2,417
Rental of facilities and equipment		–	–	226	–	–	–	–	–	–	–	–	–	226
Interest earned - external investments		–	–	53	–	–	–	–	–	–	–	–	–	53
Interest earned - outstanding debtors		–	–	18,936	–	–	–	–	–	–	–	–	–	18,936
Dividends received		–	–	–	–	–	–	–	–	–	–	–	–	–
Fines, penalties and forfeits		–	–	–	36,820	–	–	–	–	–	–	–	–	36,820
Licences and permits		–	–	–	9,731	–	–	–	–	–	–	–	–	9,731
Agency services		–	–	–	–	–	–	–	–	–	–	–	–	–
Other revenue		–	–	16,293	–	–	–	–	–	–	–	–	–	16,293
Transfers and subsidies		95,612	–	–	–	–	–	–	–	–	–	–	–	95,612
Gains on disposal of PPE		–	–	–	–	–	–	–	–	–	–	–	–	–
Total Revenue (excluding capital transfers and contributions)		95,612	–	43,924	46,551	–	–	–	–	42,453	4,838	7,724	2,417	243,519
Expenditure By Type														
Employee related costs		11,199	5,568	8,963	6,715	1,013	4,017	1,317	3,863	2,134	5,296	3,225	2,665	55,975
Remuneration of councillors		4,136	–	–	–	–	–	–	–	–	–	–	–	4,136
Debt impairment		19,000	–	–	–	–	–	–	–	–	–	–	–	19,000
Depreciation & asset impairment		284	4,545	237	11	–	286	–	8,100	11,300	10,000	11,467	–	46,229
Finance charges		–	1,561	–	–	–	–	–	–	–	–	–	–	1,561
Bulk purchases		–	–	–	–	–	–	–	–	29,328	1,254	1,233	503	32,318
Other materials		254	321	240	509	–	–	–	–	2,240	–	1,123	–	4,687
Contracted services		–	4,386	2,000	–	–	–	–	–	–	–	–	–	6,387
Transfers and subsidies		–	–	–	–	–	–	–	–	–	–	–	–	–
Other expenditure		2,396	5,279	7,018	4,232	1,383	1,818	2,313	5,238	6,596	6,071	7,173	1,072	50,588
Loss on disposal of PPE		–	–	–	–	–	–	–	–	–	–	–	–	–
Total Expenditure		37,269	21,659	18,459	11,467	2,396	6,121	3,630	17,201	51,598	22,620	24,220	4,240	220,881
Surplus/(Deficit)		58,343	(21,659)	25,465	35,083	(2,396)	(6,121)	(3,630)	(17,201)	(9,145)	(17,782)	(16,496)	(1,823)	22,638
Transfers and subsidies - capital (in-kind - all)		–	–	–	–	–	–	–	–	–	–	–	–	–
allocations) (National / Provincial and District)		25,847	–	–	–	–	–	–	–	–	–	–	–	25,847
allocations) (National / Provincial)		–	–	–	–	–	–	–	–	–	–	–	–	–
Transfers and subsidies - capital (in-kind - all)		–	–	–	–	–	–	–	–	–	–	–	–	–
Surplus/(Deficit) after capital transfers & contributions		84,190	(21,659)	25,465	35,083	(2,396)	(6,121)	(3,630)	(17,201)	(9,145)	(17,782)	(16,496)	(1,823)	48,485

Table 64 MBRR Table SA3 – Supporting detail to Statement of Financial Position

Description	Ref	2015/16	2016/17	2017/18	Current Year 2018/19				2019/20 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
R thousand											
ASSETS											
<u>Call investment deposits</u>											
Call deposits											
Other current investments		1,450			1,429	1,429	1,429	1,429	1,429	1,429	1,429
Total Call investment deposits	2	1,450	–	–	1,429	1,429	1,429	1,429	1,429	1,429	1,429
<u>Consumer debtors</u>											
Consumer debtors		16,422	40,611	54,278	167,444	167,444	167,444	167,444	196,028	201,774	203,189
Less: Provision for debt impairment					(126,833)	(126,833)	(126,833)	(126,833)	(19,000)	(20,026)	(21,107)
Total Consumer debtors	2	16,422	40,611	54,278	40,611	40,611	40,611	40,611	177,028	181,748	182,082
<u>Debt impairment provision</u>											
Balance at the beginning of the year					35,000	35,000	35,000	35,000	18,000	19,000	20,026
Contributions to the provision					4,000	4,000	4,000	4,000	7,794	8,180	8,613
Bad debts written off					(21,000)	(21,000)	(21,000)	(21,000)	(6,794)	(7,154)	(7,532)
Balance at end of year		–	–	–	18,000	18,000	18,000	18,000	19,000	20,026	21,107
<u>Property, plant and equipment (PPE)</u>											
PPE at cost valuation (excl. finance leases)		565,843	545,495	571,204	1,237,557	1,237,557	1,237,557	1,237,557	1,037,557	1,150,890	1,219,806
Leases recognised as PPE									–	–	–
Less: Accumulated depreciation					598,549	598,549	598,549	598,549	492,062	515,232	541,402
Total Property, plant and equipment (PPE)	2	565,843	545,495	571,204	639,008	639,008	639,008	639,008	545,495	635,659	678,404
LIABILITIES											
<u>Current liabilities - Borrowing</u>											
Short term loans (other than bank overdraft)		–	–	–	–	–	–	–	–	–	–
Current portion of long-term liabilities		–	–	–	–	–	–	–	–	–	–
Total Current liabilities - Borrowing		–	–	–	–	–	–	–	–	–	–
<u>Trade and other payables</u>											
Trade Payables		–	144,327	138,487	89,126	89,126	89,126	89,126	46,909	38,890	25,253
Other creditors		119,054	774	774					52,731	56,770	51,557
Unspent conditional transfers		6,213	8,239	21,307					–	–	–
VAT		43	655						–	–	–
Total Trade and other payables	2	125,310	153,995	160,568	89,126	89,126	89,126	89,126	99,640	95,660	76,810
<u>Non current liabilities - Borrowing</u>											
Borrowing		–	–	–	–	–	–	–	–	–	–
Finance leases (including PPP asset/element)		–	–	–	–	–	–	–	–	–	–
Total Non current liabilities - Borrowing		–	–	–	–	–	–	–	–	–	–
<u>Provisions - non-current</u>											
Retirement benefits		–	–	–	–	–	–	–	14,982	15,761	16,581
List other major provision items											
Employee Benefit Obligation		14,330	12,547	14,138	11,348	11,348	11,348	11,348	18,442	19,401	20,409
Provisions		2,026	2,062	2,193	2,108	2,108	2,108	2,108	–	–	–
Total Provisions - non-current		16,356	14,609	16,331	13,456	13,456	13,456	13,456	33,424	35,162	36,990
CHANGES IN NET ASSETS											
<u>Accumulated Surplus/(Deficit)</u>											
Accumulated Surplus/(Deficit) - opening balance		536,279	517,985	531,606	640,091	640,091	640,091	640,091	596,001	705,008	766,651
GRAP adjustments											
Restated balance		536,279	517,985	531,606	640,091	640,091	640,091	640,091	596,001	705,008	766,651
Surplus/(Deficit)		(34,619)	(18,294)	15,748	69,658	69,658	69,658	69,658	48,485	43,591	49,264
Appropriations to Reserves		–	–	–	–	–	–	–	–	–	–
Transfers from Reserves		–	–	–	–	–	–	–	–	–	–
Depreciation offsets		–	–	–	–	–	–	–	–	–	–
Other adjustments		–	–	–	–	–	–	–	–	–	–
Accumulated Surplus/(Deficit)	1	501,660	499,690	547,354	709,748	709,748	709,748	709,748	644,486	748,599	815,915
<u>Reserves</u>											
Housing Development Fund		–	–	–	–	–	–	–	–	–	–
Capital replacement		–	–	–	–	–	–	–	–	–	–
Self-insurance		–	–	–	–	–	–	–	–	–	–
Other reserves		–	–	–	–	–	–	–	–	–	–
Revaluation		–	–	–	–	–	–	–	–	–	–
Total Reserves	2	–	–	–	–	–	–	–	–	–	–
TOTAL COMMUNITY WEALTH/EQUITY	2	501,660	499,690	547,354	709,748	709,748	709,748	709,748	644,486	748,599	815,915

Table 65 MBRR Table SA9 – Social, economic and demographic statistics and assumptions

Description of economic indicator	Ref.	Basis of calculation	2001 Census	2007 Survey	2011 Census	2015/16	2016/17	2017/18	Current Year 2018/19	2019/20 Medium Term Revenue & Expenditure Framework		
						Outcome	Outcome	Outcome	Original Budget	Outcome	Outcome	Outcome
Demographics												
Population		Census 1996, 2001 Census, 2011 Survey	36	38	51	60	60	60	60	60	60	60
Females aged 5 - 14		Census 1996, 2001 Census, 2011 Survey	4	4	4	8	8	8	8	8	8	8
Males aged 5 - 14		Census 1996, 2001 Census, 2011 Survey	4	4	4	10	10	10	10	10	10	10
Females aged 15 - 34		Census 1996, 2001 Census, 2011 Survey	7	2	2	20	20	20	20	20	20	20
Males aged 15 - 34		Census 1996, 2001 Census, 2011 Survey	7	8	8	21	21	21	21	21	21	21
Unemployment		Census 1996, 2001 Census, 2011 Survey	4	5	5	12	12	12	12	12	12	12
Monthly household income (no. of households)	1, 12											
No income		Census 1996, 2001 Census, 2011 Survey										
R1 - R1 600		Census 1996, 2001 Census, 2011 Survey										
R1 601 - R3 200		Census 1996, 2001 Census, 2011 Survey										
R3 201 - R6 400		Census 1996, 2001 Census, 2011 Survey										
R6 401 - R12 800		Census 1996, 2001 Census, 2011 Survey										
R12 801 - R25 600		Census 1996, 2001 Census, 2011 Survey										
R25 601 - R51 200		Census 1996, 2001 Census, 2011 Survey										
R52 201 - R102 400		Census 1996, 2001 Census, 2011 Survey										
R102 401 - R204 800		Census 1996, 2001 Census, 2011 Survey										
R204 801 - R409 600		Census 1996, 2001 Census, 2011 Survey										
R409 601 - R819 200		Census 1996, 2001 Census, 2011 Survey										
> R819 200		Census 1996, 2001 Census, 2011 Survey										
Poverty profiles (no. of households)												
< R2 060 per household per month	13											
Insert description	2											
Household/demographics (000)												
Number of people in municipal area		Census 1996, 2001 Census, 2007 Survey				39	39	39	60	60	60	60
Number of poor people in municipal area		Census 1996, 2001 Census, 2007 Survey										
Number of households in municipal area		Census 1996, 2001 Census, 2007 Survey				10	10	10	19	19	19	19
Number of poor households in municipal area		Census 1996, 2001 Census, 2007 Survey				5	5	5	7	7	7	7
Definition of poor household (R per month)		Census 1996, 2001 Census, 2007 Survey				2,000	2,000	2,000	2,400	2,400	2,400	2,400
Housing statistics	3											
Formal						10,533	10,533	10,533	12,681	12,681	12,681	12,681
Informal						5,100	5,100	5,100	6,106	6,106	6,106	6,106
Total number of households			-	-	-	15,633	15,633	15,633	18,787	18,787	18,787	18,787
Dwellings provided by municipality	4											
Dwellings provided by province/s												
Dwellings provided by private sector	5											
Total new housing dwellings			-	-	-	-	-	-	-	-	-	-
Economic	6											
Inflation/inflation outlook (CPIX)						5.6%	6.2%	6.4%	6.4%	5.2%	5.4%	5.4%
Interest rate - borrowing						9.95%	11.5%	11.75%	10.9%	10.7%	10.7%	10.7%
Interest rate - investment						6.0%	7.24%	7.45%	7.7%	7.6%	7.6%	7.6%
Remuneration increases						7.0%	7.0%	6.0%	7.0%	7.7%	6.7%	6.65%
Consumption growth (electricity)						0.3%	0.1%	0.1%	0.0%	0.0%	0.0%	0.0%
Consumption growth (water)						1.8%	2.1%	1.2%	1.2%	1.5%	1.2%	1.3%
Collection rates	7											
Property tax/service charges						80.0%	85.0%	70.0%	72.0%	65.0%	75.0%	85.0%
Rental of facilities & equipment						100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Interest - external investments						100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Interest - debtors												
Revenue from agency services						95.0%	95.0%	96.0%	95.0%	95.0%	95.0%	99.0%

Detail on the provision of municipal services for A10

Total municipal services	Ref.		2015/16	2016/17	2017/18	Current Year 2018/19			2019/20 Medium Term Revenue & Expenditure Framework		
			Outcome	Outcome	Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
Household service targets (000)											
Water:											
Piped water inside dwelling			11,637	13,000	12,200	14,200	14,200	14,200	5,203	5,203	5,203
Piped water inside yard (but not in dwelling)			5,907	8,000	-	-	-	-	10,709	10,709	10,709
Using public tap (at least min.service level)	8		2,348	3,000	3,500	3,500	3,500	3,500	1,450	1,450	1,450
Other water supply (at least min.service level)	10		-	200	250	250	250	250	1,422	1,422	1,422
Minimum Service Level and Above sub-total			19,892	24,200	15,950	17,950	17,950	17,950	18,784	18,784	18,784
Using public tap (< min.service level)	9		1,886	3,000	3,000	3,500	3,500	3,500	-	-	-
Other water supply (< min.service level)	10		-	200	250	200	200	200	-	-	-
No water supply			1,458	-	-	-	-	-	-	-	-
Below Minimum Service Level sub-total			3,344	3,200	3,250	3,700	3,700	3,700	-	-	-
Total number of households			23,236	27,400	19,200	21,650	21,650	21,650	18,784	18,784	18,784
Sanitation/sewerage:											
Flush toilet (connected to sewerage)			10,130	13,000	13,000	13,000	13,000	13,000	11,742	11,742	11,742
Flush toilet (with septic tank)			1,032	1,000	1,000	1,000	1,000	1,000	-	-	-
Chemical toilet			37	-	-	-	-	-	5,217	5,217	5,217
Pit toilet (ventilated)			915	1,000	1,000	1,000	1,000	1,000	-	-	-
Other toilet provisions (> min.service level)			2,622	4,000	-	-	-	-	1,828	1,828	1,828
Minimum Service Level and Above sub-total			14,736	19,000	15,000	15,000	15,000	15,000	18,787	18,787	18,787
Bucket toilet			-	-	-	-	-	-	-	-	-
Other toilet provisions (< min.service level)			-	-	-	-	-	-	-	-	-
No toilet provisions			-	-	-	-	-	-	-	-	-
Below Minimum Service Level sub-total			-	-	-	-	-	-	-	-	-
Total number of households			14,736	19,000	15,000	15,000	15,000	15,000	18,787	18,787	18,787
Energy:											
Electricity (at least min.service level)			7,130	3,200	3,800	-	-	-	-	-	-
Electricity - prepaid (min.service level)			-	-	-	3,800	3,800	3,800	16,345	16,345	16,345
Minimum Service Level and Above sub-total			7,130	3,200	3,800	3,800	3,800	3,800	16,345	16,345	16,345
Electricity (< min.service level)			7,130	3,200	3,800	3,800	3,800	3,800	-	-	-
Electricity - prepaid (< min.service level)			-	-	-	-	-	-	-	-	-
Other energy sources			-	-	-	-	-	-	-	-	-
Below Minimum Service Level sub-total			7,130	3,200	3,800	3,800	3,800	3,800	-	-	-
Total number of households			14,260	6,400	7,600	7,600	7,600	7,600	16,345	16,345	16,345
Refuse:											
Removed at least once a week			4,999	4,999	4,999	4,999	4,999	4,999	5,166	5,166	5,166
Minimum Service Level and Above sub-total			4,999	4,999	4,999	4,999	4,999	4,999	5,166	5,166	5,166
Removed less frequently than once a week			66	66	66	66	66	66	9,897	9,897	9,897
Using communal refuse dump			302	302	302	302	302	302	2,821	2,821	2,821
Using own refuse dump			4,525	4,525	4,525	4,525	4,525	4,525	103	103	103
Other rubbish disposal			8	8	8	8	8	8	800	800	800
No rubbish disposal			1,424	1,424	1,424	1,424	1,424	1,424	-	-	-
Below Minimum Service Level sub-total			6,325	6,325	6,325	6,325	6,325	6,325	13,621	13,621	13,621
Total number of households			11,324	11,324	11,324	11,324	11,324	11,324	18,787	18,787	18,787

Table 66 MBRR SA11 – Property rates summary

Description	Ref	2015/16	2016/17	2017/18	Current Year 2018/19			2019/20 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
Valuation:	1									
Date of valuation:		2/7/2012	2/7/2012	2/7/2016	2/7/2016					
Financial year valuation used										
Municipal by-laws s6 in place? (Y/N)	2	Yes	Yes	Yes	Yes			Yes		
Municipal/assistant valuer appointed? (Y/N)		Yes	Yes	Yes	Yes			Yes		
Municipal partnership s38 used? (Y/N)		No	No	No	No	No	No	No	No	No
No. of assistant valuers (FTE)	3	2	2	2	2	2	2	2	2	2
No. of data collectors (FTE)	3	4		4	4	4	4	4	4	4
No. of internal valuers (FTE)	3	–	–	–	–	–	–	–	–	–
No. of external valuers (FTE)	3	3	3	3	3	3	3	3	3	3
No. of additional valuers (FTE)	4									
Valuation appeal board established? (Y/N)		No	No	No	No			Yes		
Implementation time of new valuation roll (mths)		12	12	12	12			12		
No. of properties	5	18,787	18,787	18,787	18,787	18,787	18,787	18,787	18,787	18,787
No. of sectional title values	5									
No. of unreasonably difficult properties s7(2)										
No. of supplementary valuations		1	1	1	1	1	1	1	1	1
No. of valuation roll amendments										
No. of objections by rate payers										
No. of appeals by rate payers										
No. of successful objections	8									
No. of successful objections > 10%	8									
Supplementary valuation										
Public service infrastructure value (Rm)	5									
Municipality owned property value (Rm)										
Valuation reductions:										
Valuation reductions-public infrastructure (Rm)										
Valuation reductions-nature reserves/park (Rm)										
Valuation reductions-mineral rights (Rm)										
Valuation reductions-R15,000 threshold (Rm)										
Valuation reductions-public worship (Rm)										
Valuation reductions-other (Rm)										
Total valuation reductions:		–	–	–	–	–	–	–	–	–
Total value used for rating (Rm)	5									
Total land value (Rm)	5									
Total value of improvements (Rm)	5									
Total market value (Rm)	5									
Rating:										
Residential rate used to determine rate for other categories? (Y/N)	5									
Differential rates used? (Y/N)										
Limit on annual rate increase (s20)? (Y/N)										
Special rating area used? (Y/N)										
Phasing-in properties s21 (number)										
Rates policy accompanying budget? (Y/N)										
Fixed amount minimum value (R'000)										
Non-residential prescribed ratio s19? (%)										
Rate revenue:										
Rate revenue budget (R'000)	6									
Rate revenue expected to collect (R'000)	6									
Expected cash collection rate (%)										
Special rating areas (R'000)	7									
Rebates, exemptions - indigent (R'000)										
Rebates, exemptions - pensioners (R'000)										
Rebates, exemptions - bona fide farm (R'000)										
Rebates, exemptions - other (R'000)										
Phase-in reductions/discounts (R'000)										
Total rebates,exemptns,eductns,discs (R'000)		–	–	–	–	–	–	–	–	–

Table 67 MBRR SA12a – Property rates by category (current year)

Description	Ref	Resi.	Indust.	Bus. & Comm.	Farm props.	State-owned	Muni props.	Public service infra.	Private owned towns	Formal & Informal Settle.	Comm. Land	State trust land	Section 8(2)(n) (note 1)	Protect. Areas	National Monum/ts	Public benefit organs.	Mining Props.
Current Year 2018/19																	
Valuation:																	
No. of properties		6,206	20	207	3,123	20	21	113								33	
No. of sectional title property values		47		8													
No. of unreasonably difficult properties s7(2)																	
No. of supplementary valuations																	
Supplementary valuation (Rm)																	
No. of valuation roll amendments																	
No. of objections by rate-payers		196	1	11	157											2	
No. of appeals by rate-payers																	
No. of appeals by rate-payers finalised																	
No. of successful objections	5																
No. of successful objections > 10%	5																
Estimated no. of properties not valued																	
Years since last valuation (select)		4	4	4	4	4	4	4								4	
Frequency of valuation (select)		<4	<4	<4	<4	<4	<4	<4								<4	
Method of valuation used (select)		Market	Market	Market	Market	Market	Market	Market								Market	
Base of valuation (select)		Land & impr.	Land & impr.	Land & impr.	Land & impr.	Land & impr.	Land & impr.	Land & impr.								Land & impr.	
Phasing-in properties s21 (number)																	
Combination of rating types used? (Y/N)																	
Flat rate used? (Y/N)																	
Is balance rated by uniform rate/variable rate?																	
Valuation reductions:																	
Valuation reductions-public infrastructure (Rm)																	
Valuation reductions-nature reserves/park (Rm)		968	15	139	1,653	72	21	12								46	
Valuation reductions-mineral rights (Rm)		155			1,653												
Valuation reductions-R15,000 threshold (Rm)		813	15	139		72		12									
Valuation reductions-public worship (Rm)		968	15	139	1,653	72	21	12								46	
Valuation reductions-other (Rm)	2																
Total valuation reductions:																	
Total value used for rating (Rm)	6																
Total land value (Rm)	6																
Total value of improvements (Rm)	6																
Total market value (Rm)	6																
Rating:																	
Average rate	3																
Rate revenue budget (R'000)																	
Rate revenue expected to collect (R'000)																	
Expected cash collection rate (%)	4																
Special rating areas (R'000)																	
Rebates, exemptions - indigent (R'000)																	
Rebates, exemptions - pensioners (R'000)																	
Rebates, exemptions - bona fide farm. (R'000)																	
Rebates, exemptions - other (R'000)																	
Phase-in reductions/discounts (R'000)																	
Total rebates, exemptns, reductns, discs (R'000)																	

References

Table 68 MBRR SA12b – Property rates by category (budget year)

Description	Ref	Resi.	Indust.	Bus. & Comm.	Farm props.	State-owned	Muni props.	Public service infra.	Private owned towns	Formal & Informal Settle.	Comm. Land	State trust land	Section 8(2)(n) (note 1)	Protect. Areas	National Monum'ts	Public benefit organs.	Mining Props.
Budget Year 2019/20																	
Valuation:																	
No. of properties		6,206	20	207	3,123	20	21	113								33	
No. of sectional title property values		47		8													
No. of unreasonably difficult properties s7(2)																	
No. of supplementary valuations																	
Supplementary valuation (Rm)																	
No. of valuation roll amendments																	
No. of objections by rate-payers		196	1	11	157											2	
No. of appeals by rate-payers																	
No. of appeals by rate-payers finalised																	
No. of successful objections	5																
No. of successful objections > 10%	5																
Estimated no. of properties not valued																	
Years since last valuation (select)		4	4	4	4	4	4	4								4	
Frequency of valuation (select)		<4	<4	<4	<4	<4	<4	<4								<4	
Method of valuation used (select)		Market	Market	Market	Market	Market	Market	Market								Market	
Base of valuation (select)		Land & impr.	Land & impr.	Land & impr.	Land & impr.	Land & impr.	Land & impr.	Land & impr.								Land & impr.	
Phasing-in properties s21 (number)																	
Combination of rating types used? (Y/N)																	
Flat rate used? (Y/N)																	
Is balance rated by uniform rate/variable rate?																	
Valuation reductions:																	
Valuation reductions-public infrastructure (Rm)		968	15	139	1,653	72	21	12								46	
Valuation reductions-nature reserves/park (Rm)		155			1,653												
Valuation reductions-mineral rights (Rm)		813	15	139		72		12									
Valuation reductions-R15,000 threshold (Rm)		968	15	139	1,653	72	21	12								46	
Valuation reductions-public worship (Rm)																	
Valuation reductions-other (Rm)	2																
Total valuation reductions:																	
Total value used for rating (Rm)	6																
Total land value (Rm)	6																
Total value of improvements (Rm)	6																
Total market value (Rm)	6																
Rating:																	
Average rate	3																
Rate revenue budget (R'000)																	
Rate revenue expected to collect (R'000)																	
Expected cash collection rate (%)	4																
Special rating areas (R'000)																	
Rebates, exemptions - indigent (R'000)																	
Rebates, exemptions - pensioners (R'000)																	
Rebates, exemptions - bona fide farm. (R'000)																	
Rebates, exemptions - other (R'000)																	
Phase-in reductions/discounts (R'000)																	
Total rebates, exemptns, reductns, discs (R'000)																	

Table 69 MBRR SA13a – Service tariffs by category

Description	Ref	Provide description of tariff structure where appropriate	2015/16	2016/17	2017/18	Current Year 2018/19	2019/20 Medium Term Revenue & Expenditure Framework		
							Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
Property rates (rate in the Rand)	1								
Residential properties		T030	4,492.0000	4,492.0000	4,492.0000	4,492.0000	4,730.0760	4,985.5001	5,259.7026
Residential properties - vacant land		T031	8.0000	8.0000	8.0000	8.0000	8.4240	8.8789	9.3672
Formal/informal settlements							-	-	-
Small holdings							-	-	-
Farm properties - used		T050	46.0000	46.0000	46.0000	46.0000	48.4380	51.0537	53.8616
Farm properties - not used			3,145.0000	3,145.0000	3,145.0000	3,145.0000	3,311.6850	3,490.5160	3,682.4944
Industrial properties			1.0000	1.0000	1.0000	1.0000	1.0530	1.1099	1.1709
Business and commercial properties		T020	192.0000	192.0000	192.0000	192.0000	202.1760	213.0935	224.8136
Communal land - residential							-	-	-
Communal land - small holdings							-	-	-
Communal land - farm property							-	-	-
Communal land - business and commercial		T041					-	-	-
Communal land - other							-	-	-
State-owned properties		T003	20.0000	20.0000	20.0000	20.0000	21.0600	22.1972	23.4181
Municipal properties			21.0000	21.0000	21.0000	21.0000	22.1130	23.3071	24.5890
Public service infrastructure		T004	113.0000	113.0000	113.0000	113.0000	118.9890	125.4144	132.3122
Privately owned towns serviced by the owner			32.0000	32.0000	32.0000	32.0000	33.6960	35.5156	37.4689
State trust land			n/a	n/a	n/a	n/a	n/a	n/a	n/a
Restitution and redistribution properties			n/a	n/a	n/a	n/a	n/a	n/a	n/a
Protected areas			n/a	n/a	n/a	n/a	n/a	n/a	n/a
National monuments properties			n/a	n/a	n/a	n/a	n/a	n/a	n/a
Exemptions, reductions and rebates (Rands)									
Residential properties									
R15 000 threshold rebate			15,000	15,000	15,000	15,000	15,000	15,000	15,000
General residential rebate									
Indigent rebate or exemption									
Pensioners/social grants rebate or exemption									
Temporary relief rebate or exemption									
Bona fide farmers rebate or exemption									
Other rebates or exemptions									
Water tariffs									
Domestic									
Basic charge/fixed fee (Rands/month)			14	15	16	17	18	19	20
Service point - vacant land (Rands/month)									
Water usage - flat rate tariff (c/k)									
Water usage - life line tariff		(describe structure)							
Water usage - Block 1 (c/k)		(fill in thresholds)							
Water usage - Block 2 (c/k)		(fill in thresholds)							
Water usage - Block 3 (c/k)		(fill in thresholds)							
Water usage - Block 4 (c/k)		(fill in thresholds)							
Other	2								
Waste water tariffs									
Domestic									
Basic charge/fixed fee (Rands/month)			29	36	39	41	43	46	48
Service point - vacant land (Rands/month)									
Waste water - flat rate tariff (c/k)									
Volumetric charge - Block 1 (c/k)		(fill in structure)							
Volumetric charge - Block 2 (c/k)		(fill in structure)							
Volumetric charge - Block 3 (c/k)		(fill in structure)							
Volumetric charge - Block 4 (c/k)		(fill in structure)							
Other	2								
Electricity tariffs									
Domestic									
Basic charge/fixed fee (Rands/month)			145	162	175	178	178	190	200
Service point - vacant land (Rands/month)									
FBE		(how is this targeted?)	50kw	50kw	50kw	50kw	50kw	50kw	50kw
Life-line tariff - meter		(describe structure)							
Life-line tariff - prepaid		(describe structure)							
Flat rate tariff - meter (c/kwh)									
Flat rate tariff - prepaid (c/kwh)									
Meter - IBT Block 1 (c/kwh)		(fill in thresholds)							
Meter - IBT Block 2 (c/kwh)		(fill in thresholds)							
Meter - IBT Block 3 (c/kwh)		(fill in thresholds)							
Meter - IBT Block 4 (c/kwh)		(fill in thresholds)							
Meter - IBT Block 5 (c/kwh)		(fill in thresholds)							
Prepaid - IBT Block 1 (c/kwh)		(fill in thresholds)							
Prepaid - IBT Block 2 (c/kwh)		(fill in thresholds)							
Prepaid - IBT Block 3 (c/kwh)		(fill in thresholds)							
Prepaid - IBT Block 4 (c/kwh)		(fill in thresholds)							
Prepaid - IBT Block 5 (c/kwh)		(fill in thresholds)							
Other	2								
Waste management tariffs									
Domestic									
Street cleaning charge									
Basic charge/fixed fee			14	15	16	17	18	19	20
80l bin - once a week									
250l bin - once a week									

2.15 Municipal manager's quality certificate

I Ms. M. D Sejosingoe the administrator of Kgetlengrivier Local Municipality, hereby certify that the annual budget and supporting documents have been prepared in accordance with the Municipal Finance Management Act and the regulations made under the act, and that the annual budget and the supporting documents are consistent with the Integrated Development Plan (IDP) of the Municipality.

Name : Ms M. D Sejosingoe

Administrator of Kgetlengrivier Local Municipality (Nw374)

Signature : _____

Date : _____



**COMPILED BY:
BUDGET AND TREASURY OFFICE**

For Enquiries, contact;

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